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Egypt E. 2,000 L. 2,000 S.
France F. 2.00 B. 2.00 S.
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PARIS, TUESDAY, DECEMBER 16, 1986

ESTABLISHED 1887

LATE NEWS

Soweto Paper Curbed Further

JOHANNESBURG (NYT) — South African newspapers have ordered to suspend publication of the Sowetan, a black newspaper that has been widely opposed since it was founded in 1976. The paper's editor, M. D. M. M. M., was arrested last week. There was no official confirmation of the action.

The paper was told by police Monday to cease publication of any material supporting an anti-government campaign called "Christmas against the enemy." The 10-day protest, set to begin Tuesday, is intended to include the suspension of sporting events and music festivals and a boycott of Johannesburg's largely white-owned stores.

SPECIAL TODAY

BOMBERS BIRTHDAY

West and East Berlin are preparing very different celebrations to mark the city's 750th anniversary.

Assignments, Pages 9-11.



Detail of a portrait of the late Duchess of Windsor, whose Paris house is being turned into a museum by Mohammed el-Fayed, an Egyptian businessman.

GENERAL NEWS

The Philippine government is taking steps to control dissent in the military.

An American arrested in Nicaragua has helped the Misquito Indians fighting the Sandinista government.

Centrist Democrats in the United States are projecting a mood of confidence.

BUSINESS/FINANCE

Production rose 0.6 percent at U.S. factories, mines and utilities last month.

Chemical New York Corp. said it would buy Texas Commerce Bancshares Inc. for \$1.19 billion.

Deaths Surpass 100 As Ethnic Rioting Spreads in Karachi

By Kamran Khan
Washington Post Service

KARACHI, Pakistan — At least 61 more persons were killed Monday in clashes between the Pathan and Muhajir communities, bringing the death toll in two days of rioting to more than 100, according to government and hospital officials.

Pakistan Army troops spread out across Karachi to restore order. President Mohammed Zia ul-Haq and Prime Minister Mohammad Khan Junejo both came to Karachi to assist the impact of the latest round of clashes between Pathans and Urdu-speaking immigrants known as Muhajirs. Throughout the day, fires raged unchecked and gunfire was frequent. By nightfall, seven more sections of Karachi were placed under a tight curfew but there were still scattered areas of confrontation. The army had orders to shoot those who violated the curfew.

The operator of Karachi's main ambulance service, Abdus Sattar Bhatti, said Monday night that his units had carried 61 victims of Monday's rioting to three major government hospitals. The numbers of injured ran into the scores. Government and hospital officials placed Sunday's toll at 40, bringing the two-day casualty figure to 101.

Monday's violence was dominated by the Muhajirs, who attacked Pathans and Pathan properties in retaliation for Sunday's attacks by the Pathans.

Rioters set fire to scores of houses, factories, banks and vehicles.

As darkness fell, most streets of the city were littered with bricks, burning tires and the remains of burned houses and shops. At least three relief camps were established to provide food and shelter to burned out families or those seeking a safe haven.

The trouble spread in all three major divisions of Karachi, and the full strength of 13,000 city police and dozens of contingents from the army could not reach all the trouble spots in time. The problem was the same for the 75 pieces of firefighting equipment available to the fire department.

A senior military official said that curfew had not been imposed more quickly in some areas because a number of the army troops normally available for duty in Karachi were involved in maneuvers in Punjab state.

Limited contingents were sent to the worst affected areas Monday, and a senior civilian official said that a request to bring in troops from other parts of the country had been approved.

Of Karachi's seven million inhabitants, about 1.5 million are Pathans, who originally came from the northwestern border region near Afghanistan, and about 2.5 million are Muhajirs, most of them immigrants from India or their descendants.



An Iranian woman wears pictures of Ayatollah Ruhollah Khomeini, right, and an unidentified religious leader on her head during a demonstration in Tehran marking the dispatch of fresh troops to the border war against Iraq.

CIA Is Said to Provide Satellite Data to Iraq

By Bob Woodward
Washington Post Service

WASHINGTON — The Central Intelligence Agency has been secretly supplying Iraq with detailed intelligence, including data from sensitive U.S. satellite reconnaissance photography, to assist Iraq in its bombing raids on Iranian oil terminals and power plants, according to sources.

This information has been flowing to Iraq for nearly two years, the sources said. During the same period, the Reagan administration was secretly selling arms to Iran.

In August, the CIA stepped up the initiative with Iraq by establishing a direct, secret Washington-to-Baghdad link to provide the Iraqis with better and more timely satellite information.

One source with first-hand knowledge said the Iraqis receive the information from satellite photos "several hours" after a bombing raid in order to assess damage and plan the next attack. This source called the intelligence information vital to Iraq's conduct of the war.

The CIA director, William J. Casey, met in October and November with senior Iraqi officials to ensure that the new channel was functioning and to encourage more attacks on Iranian economic installations, the sources said.

Iraq has mounted a series of precision air attacks against Iran in recent months, concentrating on oil terminals, oil pumping stations and power plants. The attacks are intended to destroy Iran's economy and its ability to continue the war, which entered its seventh year this fall.

The revelation that the United States has shared intelligence with the Iraqis while shipping arms to the Iraqis raises new questions about the Reagan administration's policy on the Gulf war.

A well-placed U.S. government official called this policy "a cynical attempt to engineer a stalemate" in the war.

An administration official said Sunday that any intelligence assistance to Iraq was for "defensive" purposes, to keep either side from winning or losing the war.

A White House spokesman, Daniel Howard, declined Sunday to comment on the report.

On Nov. 13, President Ronald Reagan said that one of the central goals of his Iranian initiative was "to bring an honorable end" to the war.

Colonel North's involvement raises questions of propriety and perhaps of legality. Active-duty military officers and other government employees are barred from partisan political activity. In addition, any diversion of profits from arms sales to electoral campaigns would violate federal election laws.

Mr. Channell said that during his efforts on behalf of the contras, he had several meetings with Colonel North. He said one of the things Colonel North did was to provide him with information about Nicaragua that had been translated and published by the State Department.

According to Attorney General Edwin Meese 3d, up to \$30 million in profits from clandestine arms sales to Iran was diverted to the contras, but contra leaders have said they never received the money. Colonel North has refused to tell congressional investigators exactly what he did.

The Lowell Sun identified two Republican senators and one Republican Senate candidate as recipients of Iranian money funneled through Mr. Channell's organization and others.

They were Senators Paula Hawkins and John Chafee.

Mr. Channell, who heads the Endowment for the Preservation of Liberty, denied in an interview last week that his organization had received funds from the arms sales. But he said Colonel North, who was dismissed from his job on the National Security Council on Nov. 25, assisted in his group's multi-million-dollar publicity campaign on behalf of the rebels, known as contras.

According to sources familiar with the campaign, Colonel North provided information to Mr. Channell, a 41-year-old West Virginian with a reputation as a skilled fundraiser, and spoke to groups from which Mr. Channell was seeking contributions.

Alaina Goodisman, political director of the Robert Goodman Agency of Baltimore, which produced television ads for Mr. Channell, said Colonel North had often appeared at fund-raising dinners to describe the situation in Central America.

North Linked to Political Campaigns Against Enemies of Contra Funding

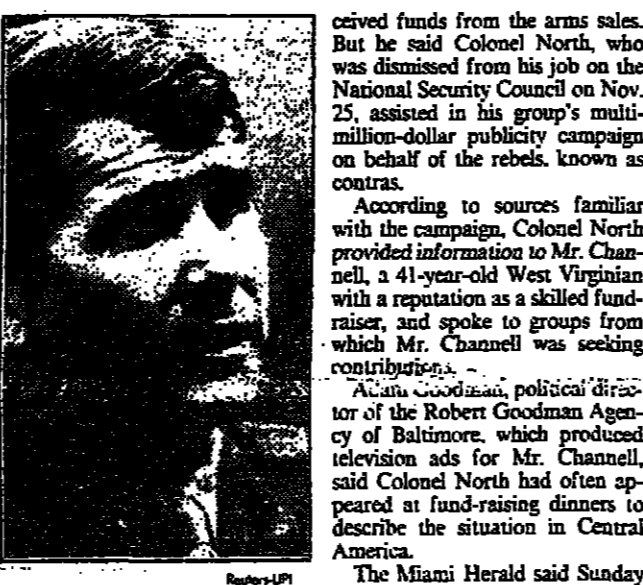
By R.W. Apple Jr.
New York Times Service

WASHINGTON — Lieutenant Colonel Oliver L. North, an official of the National Security Council, helped a conservative political action committee mount a campaign this year that was designed to defeat congressional opponents of military aid to the Nicaraguan rebels, persons familiar with the effort said Sunday.

Law-enforcement officials reported, meanwhile, that the Federal Bureau of Investigation planned to look into allegations that some profits from arms sales to Iran were diverted to rightist groups, including the one with which Colonel North cooperated, the little-known National Endowment for the Preservation of Liberty.

The allegations were first made Sunday in a Massachusetts newspaper, The Lowell Sun, which said White House officials, including Colonel North, knew about such a scheme. In a report by its Washington correspondent, Tom Squitieri, the paper said about \$5 million from Iran arms sales had been involved.

Efforts by The New York Times to confirm the report were unsuccessful. The Times reported on Aug. 7, 1985, that an official of the National Security Council had become deeply involved in helping plan strategy for the Nicaraguan



Oliver L. North

rebels. The official also advised private individuals on how to donate funds to help the rebels.

The account said the official's name was being withheld for security reasons, but he was identified in subsequent stories as Colonel North.

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Hanoi Opens Congress on Critical Note

By Keith B. Richburg
Washington Post Service

BANGKOK — The Vietnamese Communist Party opened its sixth congress Monday in Hanoi confronted by a moribund economy and an aging leadership that has publicly conceded its inability to solve the country's problems.

Despite widespread recognition in Vietnam about what needs to be done, analysts here questioned whether a consensus existed among Politburo ideologues, the military and intransigent low-level bureaucrats on how to pursue political and economic reforms.

The congress began after a year-long campaign of self-criticism, during which the normally secretive party leaders publicly chastised themselves and lower-level officials for corruption, inefficiency and losing touch with the masses.

In his keynote speech Monday, the 79-year-old party leader, Truong Chinh, continued the self-criticism by telling the 1,129 assembled delegates:

"Responsibility for these shortcomings and mistakes rests first of all with the party Central Committee, the Political Bureau, the Secretariat and the Council of Ministers. The party Central Committee should like to seriously criticize it-

57 Senators, In Letter, Back SALT

The Associated Press

WASHINGTON — More than half the members of the U.S. Senate urged President Ronald Reagan on Monday to put the United States back under the limits of the SALT-2 arms-control agreement, which the United States breached last month.

The letter, signed by 57 of the 100 senators, said the U.S. action was an "open invitation to the Soviets" to violate several of the numerical limits in the accord.

The letter, signed by 47 Democrats and 10 Republicans, was originated by Senator Dale Bumpers, Democrat of Arkansas, and was the latest expression of congressional discord with the decision to exceed limits of the second strategic arms limitation treaty.

Last week, Democrats in the House of Representatives approved a resolution criticizing Mr. Reagan's action and pledged to try to get the Democratic-controlled chamber to reverse the decision when Congress convenes Jan. 6.

Mr. Bumpers said that similar legislation probably would be introduced in the House if Mr. Reagan did not change his mind.

The treaty was breached Nov. 28 when an American B-52 bomber equipped to carry nuclear missiles became operational.

That put the United States above the numerical limits in the unratified 1979 treaty. By retiring some weapons, the United States could return to within SALT-2 limits.

Because the treaty was never ratified by the Senate, it has never been binding on the United States, but both superpowers agreed to abide by its terms. The treaty covers a wide range of strategic weapons issues, including limits on bombers, submarine-launched missiles and land-based missiles.

During the 1980 presidential campaign, Mr. Reagan criticized the pact as being "fatally flawed." But once in office, he pledged to respect its limits as long as the Soviet Union did.

In announcing in May that his administration would no longer be bound by the treaty, Mr. Reagan repeated assertions that the Kremlin repeatedly violated the treaty. The Soviet Union pledged recently to respect the accord despite the U.S. decision.

Ex-Minister Escapes Blast In France

By Michael Dobbs
Washington Post Service

PARIS — A former justice minister, Alain Peyrefitte, escaped assassination Monday when a bomb went off in his car and killed a mechanic who was trying to start it.

The attack occurred outside Mr. Peyrefitte's home in Provins, 50 miles (80 kilometers) east of Paris, where Mr. Peyrefitte is mayor. Police identified the victim as Serge Langer, 51, a municipal employee, who was killed as he tried to drive away Mr. Peyrefitte's official car, a Citroen BX.

The switchboard operator at the Provins city hall said she received a call in which a woman said, "Alain Peyrefitte, Directeur Adjoint," and hung up.

Direct Action is the extreme leftist group that has claimed responsibility for several recent terrorist killings and is suspected of having made numerous other attacks.

Mr. Peyrefitte's wife said that normally her husband would have driven the car himself over the weekend. The couple drove to Provins on Sunday evening in an old Peugeot "to see how it was running."

Mrs. Peyrefitte said the interior minister, Charles Pasqua, rushed to Provins on Monday morning after news of the attack. Mr. Peyrefitte, 61, is a supporter of the conservative government headed by Prime Minister Jacques Chirac and writes a weekly column in the rightist Paris newspaper Le Figaro.

Mr. Pasqua said Monday night that "the government would announce new measures on terrorism in the next few weeks."



The wreckage of the car of Alain Peyrefitte, a former justice minister of France, after a bomb went off Monday in Provins and killed the municipal employee starting the car.

Yen's Rise Won't Slash Japan Surplus, OECD Warns

By Carl Gewirtz
International Herald Tribune

PARIS — The 40-percent appreciation of the yen during 1986 will do little to reduce Japan's huge international surpluses this year or in the future, but is causing an economic slowdown, the Organization for Economic Cooperation and Development warned Monday.

Reducing the surpluses and speeding up growth are targets that have long been sought by Japan's major trading partners in North America and Western Europe. Failure to achieve them could have serious implications for preserving the free multilateral trading system and assuring the smooth functioning of the world economy.

The OECD, in its annual survey of Japan, forecast that the country's trade surplus would hit a record \$86 billion this year, a 33-percent increase over last year's surplus, despite the yen's sharp appreciation.

The current-account surplus, the

widest measure of trade in goods as well as services, is expected to hit a record \$82 billion this year and to still be exceeding \$70 billion by mid-1988.

Based on current exchange rates and the expected growth of demand, the OECD said that it was "unclear" whether "a further steady reduction can be achieved in subsequent years."

Japan's current-account surplus will be sustained, even as the trade figures decline, by substantial gains in investment income from the huge sums that the Japanese are investing abroad.

Japan is already the world's leading creditor. Net external assets, which amounted to only \$25 billion in 1982, totaled about \$130 billion

at the end of 1985 and are expected to hit \$200 billion by the end of this year.

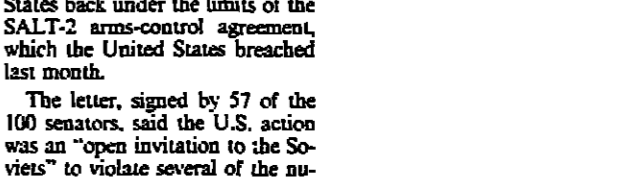
By the end of 1987, the OECD said, Japan's net external assets "may amount to close to \$300 billion."

The thesis of the OECD report is that the appreciation of the yen in the foreign exchange market has a relatively limited impact on Japan's trade surplus, the largest single component in the current account.

According to economic textbooks, an increase in the value of a currency should lead to a decline in exports and a rise in imports. And this is happening in Japan.

The yen has appreciated about 40 percent this year. And in terms

of volume, exports have already started falling while imports have risen quite sharply.



Truong Chinh

self for its own shortcomings before the congress.

Vo Van Kiet, chairman of the state planning commission, and a Politburo member, delivered a report that said "the economic situation in our country is still rife with difficulties such as unemployment, waste of materials, shortages of raw materials and serious economic phenomena."

The speeches were broadcast live on Vietnam's state radio station and monitored in Bangkok by analysts and Western news agencies.

The focus of the criticism has been the economy, widely recognized to be a near disaster in a generally well-off region. Inflation is rampant and Vietnam relies on about a billion dollars a year in Soviet aid, which Mr. Chinh admitted has been wasted.

As an indication of how bad things are, diplomats here said, Hanoi last month devalued the dong by more than 500 percent, from 16 per U.S. dollar to about 80 per dollar. Yet the black market rate is still about 400 per dollar, according to a diplomat who recently returned from Vietnam.

The remarks by Mr. Chinh, Mr. Kiet and other officials cited lofty goals for eliminating "bureaucratic centralism," reducing subsidies and increasing grain production to 22 million metric tons (24 short tons) by 1990. But the speeches were short on specifics, which a diplomat here likened to a doctor diagnosing a sick patient without prescribing the remedy.

Analysts expect changes in leadership positions and economic policies to be announced before the congress ends Thursday. But they predicted that the changes were not likely to be as sweeping as suggested.

See TRADE, Page 17

Russia Tested Ability To Invade Iran in 1980, Pentagon Report Says

By Michael R. Gordon
New York Times Service

WASHINGTON — The Soviet Union carried out an ambitious exercise of its ability to invade Iran six years ago, according to a newly disclosed Pentagon evaluation and interviews with present and former government officials.

In the exercise, which was conducted on Soviet territory just north of Iran, senior Soviet military officials tested communications systems that would be used and acted out the roles they would play in such an invasion.

The exercise, however, did not involve a significant buildup of Soviet troops on the Iranian border or any large-scale movement of Soviet forces. No actual military intervention was imminent, according to the classified report.

The report provided the first authoritative account of the Soviet exercise, which was the largest of this type involving Iran conducted in recent years and which was carried out at a time of particular turmoil in the region.

The exercise also led to a policy debate inside the administration of President Jimmy Carter that was resolved when the president decided to send a "firm message" to the Kremlin about the need to maintain stability in the area. It also encouraged American efforts to develop the Rapid Deployment Force, which is designed to be used for military intervention in the Gulf region.

The Pentagon evaluation sheds light on recent statements by former Reagan administration officials who have been involved in the covert shipment of arms to Iran.

Robert C. McFarlane, the former national security adviser, argued that the administration was justified in trying to open a channel to Iran and that the exercise was conducted in an effort to examine Soviet military capabilities and to test the Soviet Union's ability to invade Iran.

"I hope to start our own secretariat next month to coordinate all administrative activity in the province," said Krishnakumar, known as Kitsu, the northern leader of the Liberation Tigers of Tamil Eelam.

The Liberation Tigers organization is the most powerful of four major guerrilla groups fighting the government. In May, its guerrillas killed the leader and more than 150 members of the rival Tamil Eelam Liberation Organization after accusing them of stealing from the people.

The Liberation Tigers control most of the Jaffna peninsula and have curbed the activities of other rebel organizations in the area.

Over the past six months, rebel sentries stationed about 325 yards



Michael Jopling, Britain's agriculture secretary, helps himself to a sandwich at the start of a meeting Monday of EC agriculture ministers, at which he presided. At left is Sir Michael Franklin, Britain's permanent representative to the Common Market.

U.S. Curbs Would Bring Retaliation, EC Warns

BRUSSELS — The European Community warned Washington on Monday that any restriction on its exports because of a trade dispute over U.S. grain exports to Spain would bring retaliation that could have damaging political and economic consequences.

EC foreign ministers said in a statement that U.S. demands for compensation, made at talks that broke down here over the weekend, were "unjustifiable."

The EC's external affairs commissioner, Willy De Clercq, who headed the EC delegation at the talks, said the ministers had endorsed the tough stand of the Executive Commission to defend EC interests.

They also had backed the commission's request for a postponement of the year-end deadline on settling the dispute, which concerns the loss of a market for U.S. exports of feed grains since Spain entered the EC this year.

Mr. De Clercq said the United States estimated the Spanish market for corn and sorghum at four million metric tons a year and demanded this should remain open to all nations.

The EC rejected the estimate as too high, setting the figure at 3.2 million tons and insisting that part of the market should be reserved for EC exporters.

Because of the EC position, the United States has threatened to impose restrictions on a range of EC imports.

"Our reply to any unilateral action," Mr. De Clercq said, "will be rapid and effective. We are well prepared for it."

The ministers' statement invited the commission to seek a postponement of the deadline until Jan. 31 "with a view to reaching a settlement" on a "realistic and equitable basis."

"In the event that unilateral measures are introduced by the U.S.," the statement added, "the EC will take equivalent action to defend its interests."

Mr. De Clercq said there would be no "capitulation" to threats. The EC's response would match U.S. measures and would be simultaneous with any U.S. action, he indicated.

EC diplomats said the EC was eager to settle the dispute before the new U.S. Congress can vote protectionist legislation.

They said the EC was prepared to accept a "pragmatic solution" that would compensate the United States for some market loss but recognizes that the EC had a right to impose restrictions on outsiders once a country joins the group.

The EC's unbalanced budget for 1987 and a deadlock in efforts to achieve changes in agricultural subsidies were also major concerns for the ministers, whose council constitutes the highest EC authority apart from head-of-government meetings.

The diplomats said the problem of food surpluses was particularly worrisome, but there seemed to be little chance of significant changes in the short term.

WORLD BRIEFS

Paris May Stop Embryo Experiments

PARIS (AP) — Health Minister Michele Barzach of France said Monday that she had approved recommendations for a three-year halt to genetic experiments on human embryos.

Mrs. Barzach, speaking to the National Consultative Committee on Ethics, said she had approved the panel's report on test-tube fertilization, including the recommendations on experiments on embryos. The panel said test-tube fertilization was still "an acceptable reproductive technique," but only for heterosexual couples with sterility problems who have "a stable, real relationship."

The president of the ethics committee, Jean Bernard, said a law covering the recommendations should be enacted urgently. Meanwhile, the recommendations are considered morally binding on French doctors.

Ethiopia's Scandinavia Envoy Resigns

STOCKHOLM (AP) — Ambassador Teye Telahun of Ethiopia, a former air force chief and defense minister, resigned Monday and criticized the policies of his Soviet-backed country's Marxist leaders.

"I cannot in good conscience any longer continue to condone as I defend the policies of the government which had sent me here as its ambassador to the Nordic countries," he said in announcing his resignation to the Nordic countries. Mr. Telahun said that "evidently I am not going back to my country." He was leaving Sweden, he said, but would not divulge where he intended to live.

Mr. Telahun, 54, was the latest of several Ethiopian officials to resign abroad this year. Foreign Minister Goshu Woldu announced his resignation in New York in October. Ethiopia's ambassador to France, Kibret Getachew, resigned his post the previous month.

2 Terrorists Lose Appeals in Italy

ROME (Reuters) — The Supreme Court of Appeal confirmed on Monday the prison sentences for two Arab guerrillas whose release has been demanded by groups that threatened violence against Italian targets, court sources said.

Josephine Abdo Sarkis, who is serving a 15-year sentence, and Mohammed Abdullah Mamsour, who is serving 16 years, were convicted last year of taking part in terrorist activities by smuggling explosives into the country.

The two are among about 20 Middle East citizens held in Italy on terrorism charges whose release from custody has been sought by various Arab groups. Judicial sources said the Supreme Court ruling exhausted legal procedures for the two guerrillas.

Bokassa Trial Resumes in Bangui

BANGUI, Central African Republic (Reuters) — The trial of Jean-Bedel Bokassa resumed here Monday as the country's former leader appeared in court to answer charges including murder, embezzlement and cannibalism during his 13-year reign.

About 200 people, including two prime ministers who served under him, are to testify against Mr. Bokassa, who was overthrown in 1979 following widespread outrage over an incident in which at least 100 children allegedly were murdered. The trial is expected to last two weeks.

Sixty people are expected to claim damages for the loss of relatives tortured to death, court sources said. Defense lawyers say they will try to show that Mr. Bokassa had no direct role in the killings. He was arrested after returning here unexpectedly on Oct. 23 from exile in France, apparently believing he would be welcomed.

Gorbachev, Hart Discuss Arms Talks

MOSCOW (WP) — Mikhail S. Gorbachev, the Soviet leader, met for three hours Monday with Senator Gary Hart, Democrat of Colorado, and stressed that arms control talks with any U.S. president must be based on positions reached at the Reykjavik meeting, according to the official press agency Tass.

Doug Wilson, a spokesman for Mr. Hart, said that the presidential hopeful had raised the issue of human rights cases, and that the talks in the Kremlin had focused on the results of the Reykjavik meeting.

Mr. Hart quoted Mr. Gorbachev as saying that there was no need to wait two years before an arms control agreement can be reached, and said that the Soviet leader had added that there is an urgent need for "real" accord.

For the Record

An agreement on developing thermonuclear fusion energy was signed Monday by European Community and American officials, an EC official said. The accord provides for exchanges of specialists and equipment and the execution of joint projects.

Belgian students called for a strike Tuesday at universities throughout the country. Students in Brussels said Monday the demonstrations would protest the sharp rises earlier this year in registration fees and cuts in student financial aid. (Reuters)

R. Foster Winsaw, a former Wall Street Journal reporter who profited by investing in stocks he was writing about, Monday won a hearing before the Supreme Court, probably next fall, in his bid to overturn his fraud conviction. (AP)

Correction

A caption on Saturday's front page relating to an art sale was incorrect. As the article inside made clear, the Frans Hals portrait of a woman was not sold in last week's auctions at Sotheby's in London.

HANOI: 6th Party Congress Begins

(Continued from Page 1)

Cong, the vice prime minister, and Nguyen Van Linh, a central committee member. All are advocates of limited decentralization.

Mr. Nguyen Giap, who masterminded the victory at Dien Bien Phu that led to France's withdrawal from Indochina and the U.S. intervention, is thought likely to gain a more prominent role.

Many analysts in Bangkok speculate that Prime Minister Pham Van Dong would voluntarily step aside because of poor health. But the experts also cautioned about predictions on a closed society such as Vietnam's.

"Most analysts agreed that the congress was not likely to result in any immediate change in foreign policy, especially in Vietnam's relations with the Soviet Union or its eight-year occupation of Cambodia."

In his speech, Mr. Chinh said that "now as before, we always consider strengthening solidarity and all-round cooperation with the Soviet Union, the cornerstone of our party and state's foreign policy."

On Cambodia, he said that Vietnam remained ready to negotiate a settlement but was committed to "eliminating the genocidal, criminal Pol Pot clique."

Since Vietnam constantly refers to the deposed regime of the Communist Khmer Rouge as the "Pol Pot clique," some diplomats in Bangkok wondered whether Hanoi would be more ready to negotiate a withdrawal from Cambodia should Pol Pot die.

The diplomats said that they had firm evidence that Pol Pot is dying of cancer.

Tamils Consolidate Authority in Sri Lanka

JAFFNA, Sri Lanka — Color pictures glorifying Tamil guerrillas killed in clashes with government troops adorn billboards here, and the city's walls are plastered with bulletins on rebel activities.

Tamil guerrillas fighting for an independent homeland in Sri Lanka's north and east have already begun installing their own civil administration in the rebel stronghold of Jaffna.

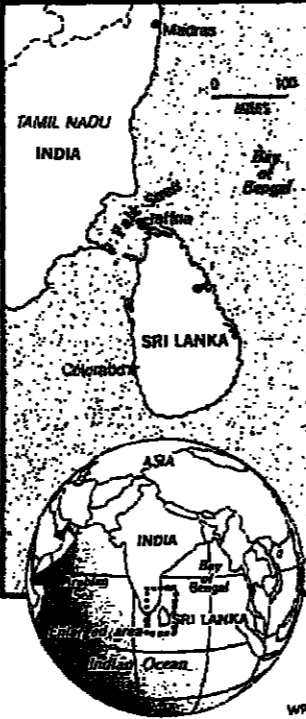
The guerrillas collect taxes from people and businesses throughout the northern district, operate their own civil and military courts, run a postal service and sell tickets for their own lottery.

"We hope to start our own secretariat next month to coordinate all administrative activity in the province," said Krishnakumar, known as Kitsu, the northern leader of the Liberation Tigers of Tamil Eelam.

The Liberation Tigers organization is the most powerful of four major guerrilla groups fighting the government. In May, its guerrillas killed the leader and more than 150 members of the rival Tamil Eelam Liberation Organization after accusing them of stealing from the people.

The Liberation Tigers control most of the Jaffna peninsula and have curbed the activities of other rebel organizations in the area.

Over the past six months, rebel sentries stationed about 325 yards



(300 meters) from an old Dutch fort in the district's main military camp have prevented government soldiers stationed inside the fort from leaving.

fighting the government three years ago.

The Tamils, who generally are Hindu and form 13 percent of Sri Lanka's population of 15 million, say that the government dominated by the Buddhist Sinhalese majority discriminates against them in education, employment, language and land distribution.

More than 90 percent of the people living in Northern Province are Tamils. Many of them live and work in Jaffna, the provincial capital.

Spokesmen for the Liberation Tigers said that the rebels hope to begin running their own traffic systems in Jaffna beginning in January. They plan to issue licenses for vehicles, deploy their own traffic police and erect signposts.

"We also hope to open the first commercial bank with our own currency soon to finance the economic needs of the community," a spokesman said.

The Liberation Tigers collect about one million rupees (\$40,000) a month in taxes on goods including liquor, cigarettes and food.

The rebel organization has set up 160 civil courts in the peninsula, mainly to settle land disputes, and runs military courts that try rebels who violate group discipline and other alleged offenders.

An offender who receives the maximum penalty, death by shooting, is tied to a lamppost carrying a sign on which the crime is written.

The state radio reported Monday that at least 75 people were killed in weekend battles between the Liberation Tigers and the Eelam People's Revolutionary Liberation Front in Sri Lanka's north and east. Reuters reported from Colombo.

Residents said, however, that the death toll was 45 to 55, mostly Liberation Front members.

Residents said at least 500 front members had surrendered to the Liberation Tigers. The Liberation Tigers also have captured 50 front camps.

DIVERT: Campaign Effort

(Continued from Page 1)

kins of Florida and Jeremiah Denton of Alabama and Representative Ken Kramer of Colorado, who sought the seat being vacated by Senator Gary Hart. All three were contra supporters, and all three were defeated.

Mr. Goodman's agency produced the television commercials for Senators Hawkins and Denton.

In the Colorado campaign, a spokesman for Representative Timothy E. Wirth, the Democrat who defeated Mr. Kramer, complained bitterly about what he termed "vicious, distorted commercials" financed by a group called the American Conservative Trust. That is one of a pair of political action committees headed by Mr. Channell.

His other is called the Anti-Terrorism America Committee. Mr. Channell is also listed in federal records as head of a lobbying unit called Sentinel.

Sentinel sponsored hard-hitting television commercials against Representative Michael D. Barnes of Maryland, an outspoken opponent of aid to the Contras, during his unsuccessful bid for the Democratic senatorial nomination this year. Mr. Barnes said Sunday that he would ask for a congressional investigation of the possible use of profits from the arms sales against him and several other Democratic representatives.

"If it's true," he said, "it would be an absolutely unbelievable outrage, but I obviously have no way of knowing if it's true."

REGAN: Aide Will Be Allowed to Testify

(Continued from Page 1)

unlikely to take action because, as someone familiar with the issue said, "We've run out of time."

In deciding not to assert executive privilege in behalf of Mr. Regan or other current officials, White House officials have heeded pleas from Republican congressional leaders and others. The appeals have cited the president's pledge to "cooperate fully" with investigations into the sale of arms to Iran and the diversion of funds to the Nicaraguan rebels, known as Contras.

A White House official involved in the discussions said that "in the current environment, it is highly unlikely that the president would assert executive privilege." To do so might indicate that President Regan is not interested in getting out all the facts about the operation, the official said.

The testimony of Mr. Regan or other White House officials would nevertheless "establish a troublesome precedent" that confidential conversations between a president and his chief of staff could become the object of congressional scrutiny, the official added.

In a related development, an administration official said documents obtained in the Justice Department's initial investigation of the operation were turned over to the Senate Intelligence Committee this weekend.

The possibility of granting immunity to some witnesses remains a major question. A White House official urged immunity as a device to speedily resolve the crisis over the Iran-contras operation. He said that "there is a lot of partisanship on the part of the Democrats," who, he asserted, "like to keep things the way they are."

Congressional Democrats maintain there is no grant of immunity would be premature, could tie the hands of a special counsel and could exonerate those who were most guilty.

To grant immunity, a congressional committee must submit a request to a federal court, which ordinarily must grant the immunity if the committee has complied with the needed procedures, including an affirmative vote of two-thirds of the committee.

The committee must give the attorney general, or a surrogate such as a special prosecutor, advance notice of 10 days. The attorney general may then request an additional 20-day delay to gather evidence on which to base a prosecution.

The immunity process would thus take two weeks or more, by which time the current congressional investigating committee would be superseded by the select committees of the House and Senate that will be created when the 100th Congress convenes Jan. 6.

A grant of immunity to a witness means he or she cannot be charged with a crime unless the prosecutor can show that no prosecution evidence was derived from testimony given under immunity.

IRAQ: CIA Reportedly Provided Satellite Photographs

(Continued from Page 1)

Suez Island that Iran supposedly thought was safe from attack.

The direct link with Baghdad apparently was set up shortly after the release of the Reverend Lawrence M. Jenko from Lebanon and the third shipment of U.S. arms to Iran.

Sources said that in early October, Mr. Casey requested a meeting with Foreign Minister Tariq Aziz of Iraq, who was at the United Nations in New York. A few days later, the sources said, Mr. Casey's request was granted and he met Mr. Aziz and Iraq's ambassador to the United States, Nizar Hamdoon.

Mr. Casey, who was aware of the Iranian arms dealings, told the two Iraqis he wanted to make sure they

75 Die in Fighting

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PLO Accepts Truce Plan For Lebanon

UNITED PRESS INTERNATIONAL

BEIRUT — The Palestine Liberation Organization said Monday that it has agreed to an Iranian-mediated plan to end fighting between Palestinian guerrillas and Muslim militiamen in Beirut and southern Lebanon.

Despite the PLO announcement, fighting flared between the Shiite Muslim Amal militia and Palestinian troops trapped in two Palestinian refugee camps in Beirut. One militiaman was killed and 23 civilians were wounded, police and hospital sources said.

In southern Lebanon, a commander of el-Fatah, the mainstream PLO group loyal to Yasser Arafat, said the guerrillas had received no orders to withdraw from the disputed village of Maghdoush, a requirement of the peace plan.

The plan is aimed at ending fighting that has claimed more than 600 lives.

The Iranian truce stipulates an immediate cease-fire, an end to Amal's siege of three Palestinian refugee camps in Beirut and the south, and a Palestinian withdrawal from Maghdoush.

Amal announced a unilateral cease-fire Sunday, but intense fighting broke out in Beirut. Each side blamed the other for the escalation.

The peace plan provides for the guerrillas to be replaced in Maghdoush by leftist and Muslim groups that did not participate in the fighting. The clause was rejected by Amal, which says its militiamen must return to the village.

Palestinian guerrillas drove Amal militiamen from Maghdoush, a Christian village near Sidon, more than two weeks ago in a bid to pressure Amal to end its siege of the refugee camps.

In Beirut, police sources said Amal and guerrillas clashed with artillery and rockets in and around the besieged Palestinian refugee camps of Burj al-Brajneh and Chatila.

BOMB: Ex-French Minister Unhurt

(Continued from Page 1)

why he would have been a target. Mr. Peyrefitte said: "I imagine that I am a symbol of a simple idea — the idea that there can be no freedom without order in society."

He said that he had received numerous threats while serving as minister of justice from 1977 to 1981 under President Valéry Giscard d'Estaing. Mr. Peyrefitte said that the threats ceased shortly after he left the post.

French politicians and trade union leaders unanimously deplored the assassination attempt against Mr. Peyrefitte, describing it as a "blind act of terrorism."

Direct Action has carried out attacks over the past six months

IRAQ: CIA Reportedly Provided Satellite Photographs

(Continued from Page 1)

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U.S. Captive In Nicaragua Aided Indian Rebel Cause

United Press International
NEW YORK — Sam Hall, an American whom Nicaragua has reported arresting on suspicion of spying, is a former Olympic medalist and an ardent anti-Communist who took up the cause of the Miskito Indians fighting the government of Nicaragua.

Mr. Hall, 39, has described himself in interviews as a self-employed military adviser and counter-terrorist teaching commando tactics to the Miskitos.

In a radio interview last month in St. Petersburg, Florida, he said he was an "anti-terrorist" and said John Eastman, a talk show host, "he refused to be classified as a mercenary," Mr. Eastman added.

Mr. Hall claimed to have received money from the Pentagon for his activities, but did not elaborate, Mr. Eastman said.

Mr. Hall served as a Democrat in the Ohio House of Representatives in 1964 and 1965. He said he quit politics because "it was too phony."

Mr. Hall is the brother of a U.S. representative, Tony P. Hall, Democrat of Ohio, and the son of a former Dayton mayor, Dave Hall. He won the silver medal in springboard diving in the 1960 Olympic Games in Rome.

He said in the radio interview last month that if he were ever "killed" in a foreign country, the United States would have to disavow his activities.

Nicaraguan officials said on Sunday that Mr. Hall was arrested Friday in a restricted area of the Punta Hecote Air Base. They said he was carrying maps of Nicaraguan military sites in his shoe.

A Foreign Ministry spokeswoman, Angela Saballo, said that Mr. Hall had said he was working for an organization that "specialized in intelligence and espionage on military objectives," and that he was working for "U.S. government interests."

Nicaraguan officials said he identified the group as the Phoenix Battalion.

An acquaintance said Mr. Hall had formed a group by that name.

A spokesman for the U.S. Embassy in Managua said Monday that the embassy had been informed of the arrest but had no details.

"We have asked for access to him," said Al Lamm, the public affairs officer at the embassy. "So far it has not been granted. We have no independent information on him."

In Decatur, Alabama, the leader of Civilian Material Assistance, a paramilitary organization Mr. Hall once joined, compared him to "Rambo," the ultrapatriotic movie character.

"He dresses like it; he wears a headband and everything," said Thomas V. Posey, director of the group, which was formed to aid the contra, or Nicaraguan rebels supported by the United States, with nonmilitary supplies.

Mr. Posey said that Mr. Hall was the self-described leader of the Phoenix Battalion, which Mr. Hall proposed 18 months ago to the Central Intelligence Agency and the Defense Department as a way to help the contra.

"As far as I know, he's the only member of it," Mr. Posey said. "He was trying to get a movie made of him and he is working on a book and he was trying to put in wild accusations. It was a one-man battalion for his book."

In a 1985 interview with The



Sam Hall, in a 1985 photo.

Associated Press, Mr. Hall said he had become a born-again Christian and a Republican who strongly supported President Ronald Reagan's policies. But he said he wanted to do nothing that would hurt his brother's political career.

He displayed a wound in his side that he said was connected with the activities of Civilian Material Assistance, but would provide no details. He also said he once shot himself in the leg in 1974 while addicted to drugs.

A U.S. official in Washington said that it was unlikely Mr. Hall could have arrived at Punta Hecote Air Base by accident.

The United States has charged that runways at the isolated base are being lengthened to accommodate Soviet military aircraft.

Mr. Hall's brother, who voted in Congress earlier this year against continuing aid to the contra, said Sunday that he was "surprised and concerned" over reports of his brother's arrest.

A statement from the Interior Ministry in Managua, released by the Nicaraguan Embassy in Washington, said that a passport confiscated from the suspect contained visas for travel to Israel, South Africa and El Salvador.

Centrist U.S. Democrats Project Mood of Confidence

By Robin Toner
New York Times Service
WILLIAMSBURG, Virginia — The mood of the Democratic Leadership Council, a group of centrist Democrats who have held a two-day conference here, was ebullient from the start.



Senator Sam Nunn

Many of its members came down from Washington on a special Amtrak train, fueled by wine and hors d'oeuvre and considerable speculation on the 1988 presidential campaign. As they rolled through the night, away from a capital dominated by a Republican controversy, they voiced the confidence found in movements whose time has come.

They were cheered not just by the conviction that the Democrats are resurgent but also by the belief that their swing of the party would set the tone for this new Democratic ascendancy.

"What we've tried to do is change the center of gravity in the party," said Alvin From, executive director of the council, which was founded in 1985 by elected officials, mostly from the South and the West. "I think this conference is proof that's happened."

In one car of the train was Senator Sam Nunn of Georgia, a founder of the council and the next chairman of the Armed Services Committee, who was trailed by reporters pressing him on his presidential ambitions. He is not leaning toward it, he said, but intends to give it "serious thinking."

A few cars down was Governor Bob Graham of Florida, still accepting congratulations on his recent Senate victory, and former Governor Charles S. Robb of Virginia, chairman of the council and another presidential possibility. There were numerous members of Congress aboard, including Representative Stephen L. Neal of North

Carolina, who contended that the council had "come to stand for something fairly clear to the public."

Mr. Neal added: "This group represents the mainstream of American thinking — sensible, pragmatic and moderate."

All in all, members of the council asserted, the group has come a long way from its formation, when some Democrats considered it a short-lived regional reaction to the party's landslide presidential defeat in 1984. Its founders, such as Mr. Nunn, have grown in prominence since the council's inception, and many other Democrats were eager to get on board when the train left Union Station in Washington.

Mr. From outlined the speakers' lineup for the conference and then characterized it.

"That's not a white male caucus," he said, using one of the descriptions of the council favored by its critics.

One of the most closely watched parts of this conference was a discussion of social welfare policy by two black leaders: former Representative Barbara Jordan of Texas and Michael Lomax, chairman of the Fulton County Commission in Georgia.

In an interview, Mr. Lomax said he became involved in the council because he viewed its "moderate approach" as a winning formula for the 1988 presidential election.

"It doesn't do any good to be knocking on the door from the outside," he said.

The conference fell silent when Mrs. Jordan raised what she described as "the Jesse Jackson factor." And she received a thunderous applause after she rhetorically asked Mr. Jackson: "Why don't you join us? Don't frighten everybody off. Don't be so volatile that people become afraid to associate with us."

Mrs. Jordan did not support Mr. Jackson in 1984, and Mr. Lomax backed Senator Gary Hart in the primaries, although he voted for Mr. Jackson at the convention.

The conference was issue-oriented, with panel discussions on matters from conventional military forces to international competitiveness. But throughout, there were

ripples of rumor about the Reagan administration's Iranian arms dealings as well as constant talk of the 1988 presidential election.

Four founders of the council are now considered presidential possibilities, and each was given a chance to shine. Mr. Robb gave the keynote address and Mr. Nunn spoke on military policy. Governor Bruce Babbitt of Arizona spoke on trade and Representative Richard A. Gephardt of Missouri gave the closing address.

As theoretical as the discussions sometimes became, all that presidential ambition in one room kept matters down to Earth. For example, Hamilton Jordan described a need for a Democratic nominee who could play well in the South. Mr. Babbitt suggested that what was important was not geography, but philosophy.

If the philosophy were compatible, he suggested, a candidate could carry the South even if he came from Maine. Or Arizona.

Voyager Alters Path to Avoid Storm; Damage to Wing Was Not Serious

The Associated Press
MOJAVE, California — The attempt by two American pilots to fly around the world without stopping or refueling progressed on schedule Monday.

But bad weather on their flight path posed navigational problems, causing them to alter the course of their plane, Voyager.

The spindly craft lost at least 2 feet (60 centimeters) off of its 111-foot wingspan when its wings sagged and scraped the runway during takeoff, Sunday, a flight spokesman, Peter Riva, said Monday.

However, the damage apparently was not serious. By Monday morning the Voyager had reached Ha-

waii, 2,850 miles (4,610 kilometers) across the Pacific from Edwards Air Force Base in California, where it took off.

The crew, Dick Rutan, 48, and Jeana Yeager, 34, are trying to become the first aviators to circle the Earth on one load of fuel. It is a journey of 27,000 miles that they expect will take 10 to 12 days.

Dr. George Junilla, the flight surgeon, said Monday that the pilots appeared to be doing well in their cramped quarters.

The flight's meteorological director, Len Snellman, said satellite pictures showed a considerable increase in bad weather ahead of Voyager.

"However, it's significantly scattered and we expect to be able to thread Voyager through the relatively inactive areas by having it fly north of a tropical storm that's currently 180 miles southeast of Guam," Mr. Snellman said.

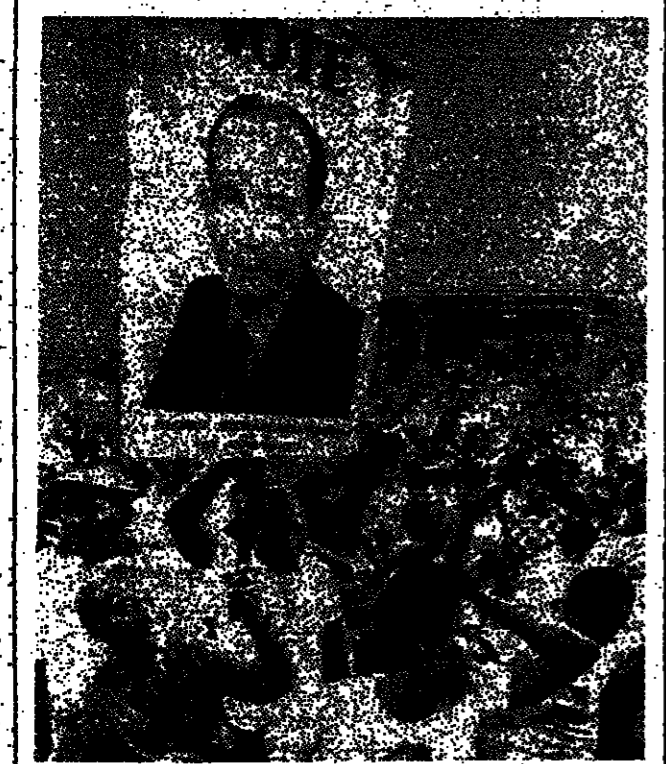
The plane was flying below 7,000 feet in a strong tradewind belt with winds of 25 knots (28 miles per hour) and was expected to pick up increasing tail winds, he said.

"The original route dipped well into the Southern Hemisphere, crossing through the northern half of Australia. However, bad weather forced the planners to pick a more northerly route, closer to the Equator."

The mission operations director, Larry Caskey, said the plane was maintaining an average groundspeed of 107 knots during its first day in flight "and higher speeds are now being realized with a more favorable wind."

Voyager was joined over Hawaii by a chase plane whose pilots visually inspected the craft and reported that it was functioning well despite the takeoff damage.

After passing Hawaii, Mr. Rutan said on a television interview show by radio that the experimental craft "is in real good condition."



TRINIDAD AND TOBAGO CAMPAIGN — Members of the governing People's National Movement in Trinidad and Tobago hold their final rally before Monday's general election. The party of Prime Minister George Chambers has been in power since 1956 and faces its first serious challenge, from a four-party group.

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INTERNATIONAL
Herald Tribune
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Blinded in South Africa

The Pretoria regime's Christmas gift to itself is a press purged of unwelcome news. A 24-page censorship proclamation goes further than requiring clearance for stories dealing with security or "subversive" statements. Also banned is any indication, such as blank spaces, showing busy scissors at work. That may please the government and its supporters, but for everybody else, no news is terrible news; the willful self-blinding of a country stumbling on a precipice. Certainly censorship will not stifle rebellion by a black majority clamoring for rudimentary rights. Instead it will give wings to rumor and credibility to exaggeration, and feed suspicions that Pretoria is hiding brutal use of emergency-rule nightsticks. The regime insists that the new rules are not intended to limit debate, except when the debate concerns the national emergency. How on earth is that emergency to be sensibly discussed by muffling what was once the freest press in Africa? The demise of that tradition was recorded with perhaps excessive pessimism by the Johannesburg Star: "This is just possibly the last issue of any relatively free newspaper you will read in South Africa." The Sowetan, a daily published by blacks, called

Marchenko Is Heard

"When they have you by the throat your feelings of helpless protest may drive you to any extremes." So wrote Anatoli Marchenko, the Soviet dissident who died in prison on Dec. 8. Mr. Marchenko did not recommend hunger strikes but understood why people would undertake them. He undertook his own on Aug. 4, to remind the world that the Soviet Union was ignoring the human rights provisions of the Helsinki accords. When he died in Chislopol prison after four months, the Russians said it was heart failure. His wife said he had asked her to start sending food again. Soviet authorities, perhaps with an eye to getting him out of the country, had been pressing her to apply for emigration to Israel for the couple and their son. Whatever Soviet motives and however he died, he understood the consequences of his acts. "The hunger strike may be over, but the life of the striker is in danger," he wrote.

Enough in Argentina?

Under Argentina's military regime, more than 9,000 people vanished. For eight years, until it collapsed in 1983, that regime ruled by murder and torture. Those who survived its prisons have testified to unspeakable brutalities. Now the present democratic government has to decide how far to carry the prosecutions of the people directly responsible for the crimes of those years. The demands of justice are still far from having been satisfied. To continue the slow and difficult work of criminal prosecution indefinitely would perpetuate the gulf between the country and a military establishment that is crippled by its fears of further exposure and retribution. And even if one pursued the prosecutions indefinitely, one would not begin to get at those whose complicity was quiet, perhaps even passive, but essential nonetheless. Where, in other words, should the line be drawn? That has been the subject of intensely painful argument within Argentina almost since the day its democratically elected president, Raul Alfonsín, took over. Mr. Alfonsín has now decided to send to Congress a bill that would set a date beyond which no further charges could be filed. He does it knowing that it will allow many guilty people to escape punishment. Without that kind of a limit, he believes, the hostile divisions between the military and the rest of Argentina will grow deeper and more dangerous to the country.

A Cooperative Dictator

President Mobutu Sese Seko of Zaïre got a warm welcome at the White House last week, the sort he has grown used to in 20 years of official visits. President Ronald Reagan called him "a voice of good sense and good will." Secretary of State George Shultz excused himself early from a congressional hearing on the Iran scandal to meet with Mr. Mobutu. Others, like Representative John Conyers of Michigan, denounce Mr. Mobutu as a despot who heads an unpopular and corrupt regime. What sort of friend is Mr. Mobutu, and why does America need friends like him? The question presents a real issue, not limited to Africa: How to help a long-standing ally without sending the wrong signals around the world about American values? It is an issue the administration does not seem to understand. One of Mr. Mobutu's virtues is continuity. For two crisis-ridden decades he has presided over a huge country bordering on nine others at the heart of Africa. Western companies have mined its cobalt, copper, industrial diamonds. When world prices plummeted, international financial institutions rushed in to guide him through massive economic difficulties. Mr. Mobutu did his part: "His great achievement," one State Department official says, "is being able to keep the place together and keep it from disintegrating into chaos and civil war." He has also supported American strategic objectives elsewhere in Africa. Yet such reliability tells only part of the story. His people have slid into deepest poverty. Zaïran per capita income is among the lowest in Africa; real wages are a tenth what they were in 1960. Half the children die before they reach the age of 5. Corruption is rampant. Harassment, imprisonment, torture and execution have tainted most Zaïrians not to protest. All the while, Mr. Mobutu has created a personality cult and lined his pockets. He is said to have skimmed billions to buy chateaus in Belgium, homes in France, Italy, Switzerland, Senegal, the Ivory Coast — and support in Zaïre. Yet there are few signs of sufficient discontent to overcome tribal divisions, geography or underdeveloped communications and transportation. The Reagan administration follows the policy of its predecessors, supporting a stable and helpful ally in the region, however tyrannical. But that does not require lavish affection on him when he comes to call. It is one thing to receive an ally in a businesslike, even friendly manner. It is another matter entirely to fawn over a dictator.

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OPINION

Can't They Even Allow Jazz?

By Kurt Vonnegut Jr.

NEW YORK — Of all the triumphs of life-haters today, of fun-haters today, of beauty-haters today, of thought-and-love-haters today, of the Forces of Satan, if you will, the one that most troubles my heart is the indifference of some Czechoslovak politicians and police to behave like cannibals toward the most humane and generous and gifted members of their society. It now appears that these cruel mutants, bred in the fifth of the Second World War and all the fecund slime that has come afterward, mean to punish with grim glee and severity the seven harmless and delightful members of the executive committee of the so-called Jazz Section, who were arrested in September and have been kept imprisoned ever since for God-knows-what. Well, not exactly for God-knows-what, but for all practical purposes, in any sane nation it would be for God-knows-what, to wit: Article 118 of the Czechoslovak Criminal Code, which makes it a crime to engage in an unauthorized business enterprise. The intolerable business, the Jazz Section, established in 1971 and deemed legal by the Czechoslovak government back then and blessed by UNESCO, has had as its core purpose the celebration of jazz and the encouragement of native jazz musicians. Jazz, that magnificent gift of the black people of the United States to the whole planet, in Czechoslovakia as everywhere, is comforted and amused not only musicians but life-lovers of every sort who were welcomed by the Jazz Group as members of the family. The names of the unnamed teetappers and finger-snappers routinely ripped from their homes by the worst of the police are Karel Srp, Josef Skalnik, Vladimir Kouril, Tomas Krivanek, Cestmir Hudak, Milos Drda and Vlastimil Drda. I met some of them and other members of their extended family a couple of years ago, and so did John Updike a few months later. Let the court that is about to try and sentence them read the worst into what they had done and do: Each of us had to plant a sapling and then to water it afterward. A policeman, or even the child of a policeman, with its proud parents standing by, can easily cut down those saplings. Messrs. Srp, Skalnik, Kouril, Krivanek, Hudak and the two Drdas are rooted like the saplings in a tiny nation whose people, despite their small numbers, have created a major fraction of the Earth's most important architecture, sculpture, painting, music, poetry, theater, imaginative prose and most recently, as emerges, motion pictures. If a flying saucer person were to ask me what Earthlings considered to be their most habitable city, architecturally speaking, I would reply without hesitation, "Come with me to Prague." Legal technicians who are curious as to what triggered these latest arrests of Czechoslovaks who can't seem to keep the hell away from the arts should apply to the Helsinki Watch in New York City for details. It is in the phone book. I myself will take this opportunity, and there will surely be many more like it offered by Czechoslovakia and Chile and Poland and Turkey and on and on, to say that the two most potent spiritual forces in contention almost everywhere today have nothing to do with nations, political parties or economic philosophies. The opposing forces are these: those who enjoy childlike playfulness when they become adults, and those who don't. Come with me to Prague. Mr. Vonnegut, the novelist, is a board member of the Fund for Free Expression, the parent organization of Helsinki Watch. He contributed this column to The New York Times.

First Nixon, Now Reagan, But Two Different 'Gates'

By Tom Wicker

NEW YORK — Secretary of State George Shultz said in Brussels last week that Reaganism was "absolutely in total contrast with Watergate" because Ronald Reagan, unlike Richard Nixon a decade ago, wants all the facts disclosed. That remains to be seen, but the two scandals are different all right. During Mr. Nixon's 25 years in public life he had acquired a backlog of personal hostility best exemplified in the nickname that Helen Gihagan Douglas pinned on him in 1950: Tricky Dick. Until the disclosure of his Iran dealings, Mr. Reagan was the beneficiary of affection unmatched in modern presidential history. Former popularity will not save Mr. Reagan from the consequences of his actions, any more than anonymity saved Mr. Nixon's downfall. But at some point in the investigations of Mr. Reagan's administration, a more generous public and press attitude toward him could make a difference. If it could have been shown that Mr. Nixon really did not know about misdeeds by his subordinates — mostly in domestic political matters — he might well have avoided resignation. Perhaps, to use the cliché most favored by wishful thinkers then and now, he actually could have put the scandal "behind him" and completed a useful second term. That is indeed "absolutely in total contrast" to current events. If Mr. Reagan is proved not to have known what his own National Security Council staff was doing, he will be no better off than if it turns out that he masterminded the whole scheme. After all, there might be something, although not much, to be said for a president who at political risk wrongheadedly ordered an action that he was convinced served the national interest. But there is nothing to be said for a president so inattentive to duty that middle-rank navy and marine officers on his staff were able to embark unimpeded on a course almost certain to undermine U.S. foreign policy in some of its most important concerns: relations in the Middle East, opposition to terrorism, hemispheric security, allied unity. Presidents are elected to watch such matters, not to nap after lunch. If disastrous abroad, the scheme that Mr. Reagan either did or did not know about was catastrophic at home. Pat Buchanan is pipe-dreaming when he says that Republicans owe it to Mr. Reagan to give him their support. Apart from the usual well-advised course of those on a sinking ship, what loyalty should Republicans extend to a leader so obtuse that he allows, through policy or ignorance, his administration and party to be associated with aid to terrorists and arms to Ayatollah Khomeini? The most important difference between Watergate and ReaganGate, ironically, is that Mr. Reagan probably will not be impeached or forced to resign — although the offenses resulting from his policy, or from his incompetence on the job, are more serious than any charge the House Judiciary Committee approved against Mr. Nixon. The reason is not that Mr. Reagan is better liked, although that is not unimportant; or that a Democratic Congress will hardly make George Bush an incumbent president in time for the 1988 campaign. Rather, in Mr. Reagan's case, national security really is involved. The money pipeline from Iran through Switzerland to the Nicaraguan contras was established by Mr. Reagan, or by others in his name, acting under color of the president's high responsibility for national security and his great latitude as commander in chief of the armed forces and primary architect of foreign policy. Never mind that the policy was misconceived, and that it backfired and collapsed, and that certain laws may have been broken. If precedent is a guide, Congress will consider the scheme to have been undertaken within the obscure limits of a president's national security powers. It neither can nor wants to define these powers too precisely, much less punish an incumbent for stretching them. For much the same reason, no impeachment charge was made against Mr. Nixon for the secret bombing of Cambodia. No one moved to impeach Mr. Reagan for the senseless security policy that resulted in some 250 dead Lebanese and American in Lebanon. It is no more likely that a serious impeachment move will result even from his dealings with the ayatollah — no matter what Mr. Reagan knew or when he knew it.

When It Exports Deceit, America Pays

By Norman Cousins

LOS ANGELES — Whatever the outcome of the Iranian arms deal investigation, the incontestable fact emerging from the episode is that Americans had to push and prod to get at the truth. In all the agitation and excitement over the undercover transfer of funds to the contras, the most important issue may be the right of the people to be accurately informed by their government. A strange notion has gained ground. It is the idea that the government has options with respect to truth. This view gained considerable favor in 1947, when Congress authorized the government to practice secret violence, deceit and subversion in the conduct of U.S. foreign policy. The terms of the act setting up the Central Intelligence Agency, however, specifically confined undercover actions to foreign territory. The justification for those actions was that Americans were living in a predatory, cloak-and-dagger world and that the only way to deal with a totalitarian enemy was by imitation. The trouble with that theory is that while Americans do live in a world of plot and counterplot, it is also a world of cause and effect. Whatever the cause for the decision to legitimize deceit abroad, the inevitable effect is the practice of deceit at home. An even more important question: Why is it all right to lie to foreigners? Truth in government will not assert itself. It has to be institutionalized. Truth needs a form that transcends the men who happen to be in charge of the machinery of government at any given moment. That is what is meant by a government of laws rather than of men. This design has been slipping away. Americans have permitted exceptions from principle in the operation of society, exceptions that should not be allowed. It has been made possible for government officials to become bigger than the laws they have sworn to uphold. The problem is not resolved by changing the men in power. It can be met only by restoring and bolstering the basic principles of the society. It would be interesting to see how the Supreme Court would view the constitutionality of any government agency that can spend large sums without public accounting, or make vital decisions that affect foreign policy without constitutional sanction, or engage in subversion abroad. It will be said that America's style in the international arena is dictated by others; that there is no choice but to play the game the way others play it. Yet it is precisely because America has to take the world as it is that it becomes necessary to rise above the game if it wishes to make its mark. America cannot expect to succeed in the world political arena by being more evasive than anyone else in the game of compossible anarchy. It will succeed only if it represents a rallying center for a less risky and more sensible future for all people. American energies will have a far greater effect if applied to the possibilities for human progress rather than to shadowy balance-of-power strategies. The challenge before the American people is to create an environment in which truth can live a less unnatural and precarious existence, and in which the right to know does not depend on special dispensations. The writer, former editor of the Saturday Review and now on the faculty of the University of California School of Medicine, carried out special missions abroad for Presidents Eisenhower and Kennedy. He contributed this column to the Los Angeles Times.

Why the United States Denies Visas

By Jerome C. Ogden

WASHINGTON — Several individuals have complained to the media in recent months that the United States government denied them visas on "ideological grounds." This is untrue. Those denied visas may coincidentally espouse positions that are unpopular in the United States, but that is not the reason they are refused entry. Something else is going on. There are three grounds on which the government denies visas that are mistakenly labeled by critics as "ideological." The legal basis for rejection is contained in sections 21, 28 and 29 of the Immigration and Nationality Act. One is where there is an obvious security concern, such as espionage or terrorism. The second is where the government feels that an alien's visit would have a potentially serious adverse effect upon the conduct of foreign relations. The third is an alien's personal advocacy of violence to achieve political ends. Most of the 33 statutory grounds for ineligibility have been routinely waived since the 1960s. This has included, since the 1970s, routine waivers for those denied entry solely because of membership in a Communist or Communist-affiliated organization. The law was interpreted more narrowly in the 1950s and 1960s. The idea that such a restrictive clause still exists is a myth kept alive by those who believe that there should be no barriers whatsoever against entry. Several celebrated cases have taken on a life of their own in visa folklore. Graham Greene, Yves Montand, Carlos Fuentes and Alberto Moravia all regularly receive visas, but their names keep appearing in newspaper articles that deal with visa denials. Part of the confusion arises from the fact that applicants are often told they are ineligible under a specific section of the law and then are granted visas. To state that these individuals have been "refused" or "denied" visas when they are routinely issued visas for their many visits to the United States is misleading. Exclusion of individuals under Sections 27, 28 and 29 happens rarely and only after serious deliberation. One recent account suggested that 823 people were denied visas under these provisions in 1985. In fact, less than 10 percent of that number were denied visas. Most aliens who our statistics show are ineligible under Section 28 (C) — membership in a Communist or Communist-affiliated organization — are denied entry because of ineligibility under some other section of the law. Of the 800 or so visa applicants each year in this category, about half are denied because consular officers believe they are not bona fide visitors but should be applying for an immigrant visa. And many simply do not follow through after filling out an application. This leaves only a small number remaining who are found ineligible because of links to terrorism. A recent case involved Patricia Lara. Her visa was revoked because we believe she has links to the Cuban intelligence service and an active membership and responsible positions in M-19, the terrorist organization responsible for the November 1985 attack on the Ministry of Justice in Bogota in which nearly 100 people were killed, including 11 Supreme Court justices. Similarly, Gerry Adams, although a member of the British Parliament, is also the president of Sinn Fein, the political arm of the Irish Republican Army, which is engaged in the violent civil war in Northern Ireland. He has been denied visas on several occasions because of his advocacy of violence. Often we are not able to divulge the sources of our evidence of an alien's link to terrorist activities. In the case of Ruben Zamora, he was publicly stated, as spokesman for the Revolutionary Democratic Front, that the group took "full responsibility" for the murder of Albert Schausberger, a U.S. military officer in the embassy in San Salvador. He also warned, "We can't guarantee this won't happen again." We did not deny visas to these applicants for their abstract political beliefs but because of their personal advocacy of violence as a means to achieve political ends.

Watergate Gave Secrecy a Bad Name

GREAT secrecy was necessary. Winston Churchill told a cheering Parliament as he revealed the first Nazi surrender at the close of World War II, capitulation in Italy following months of top-secret talks between German commanders and the Office of Strategic Services "spy master," Allen Dulles. It was a milestone in the annals of U.S. intelligence, marking the start of that crypto-diplomacy twilight zone where secret agents often supplant ambassadors. William J. Casey was there, one of the best and brightest of the OSS executives. Now he is the latest of Mr. Dulles's successors as head of the CIA, an acronym of the "loose lips sink ships" school of intelligence. He must first befittingly that the current brotha, has reached crisis proportions. Thoughtful men of both parties in four administrations have closed their eyes to the underlying reality: that the democratic foundations for the CIA's "secret war" — a once unanimous respect for a cult of secrecy during the Cold War — were knocked away by Watergate and never rebuilt. — Richard Harris Smith, author of "The OSS" and of a forthcoming biography of Allen Dulles, writing in the Los Angeles Times.

Blind Loyalty Isn't What Reagan Needs

PASSION, particularly of the political variety, can harm the sober judgment of even the best-intentioned individuals. In an opinion column (1/17, Dec. 11), my friend and former White House colleague Pat Buchanan succumbed to a moment of political passion. While no doubt motivated by the anguish that all Republicans feel over the spate of revelations regarding Iran and by the respect we share for the president, Pat's call for the party faithful to take up arms is not the way to serve or defend Ronald Reagan. Turning this into a question of partisanship will only further damage America's foreign policy, the presidency and the people's precarious faith in government. — Ed Rollins, a former assistant to the president for political affairs and manager of Mr. Reagan's 1984 campaign, in The Washington Post.

Hubris Keeps Spoiling Second Terms

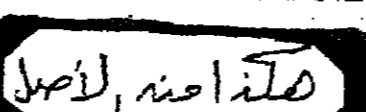
FROM being a fluke, the Reagan administration's secret Iranian arms deal has reconfirmed an unfortunate and continuing dimension of U.S. politics: the tendency for American presidents re-elected by landslide majorities to undercut their second terms with displays of hubris. And these indulgences are often important political turning points. The precedents are memorable: Franklin Roosevelt after 1936, trying to pack the U.S. Supreme Court and failing; Lyndon Johnson after 1964, overcommitting the United States in Vietnam; Richard Nixon after 1972, opening up Watergate. Now Ronald Reagan's second term seems equally at risk. The so-called Reagan revolution, already in trouble since November's election reverses, may now be going the way of the New Deal in 1938 and the Great Society in 1967. Let the scandal continue to unfold, and the administration's ability to manage domestic and international economic policy may weaken as the Nixon regime's did during the 1973-74 Watergate period. Prospects for a Democratic presidential victory in 1988 may well surge. — Kevin Phillips, publisher of the American Political Report, writing in the Los Angeles Times.

Washington Spins Into Scandal Fission

FOR Congress and the media, "IranGate" is the sort of opportunity that dreams of national stardom are made of. Washington scandalmania shares some of the dynamics of nuclear fission. Once a story develops a "critical mass," a chain reaction begins. The one story crowds out all other news; and because it so dominates the news, the reader assumes that it must be transcendently important. Pressure escalates for even more intense coverage. All sense of proportion evaporates as Washington spins ever faster in a vicious circle. In this game, suspicions are almost as good as the real thing. — Syndicated columnist Raymond Price.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: Hanged on Stage NEW YORK — The sheriff of Jackson, Georgia, caused the Rev. William Turner, a negro minister, recently found guilty of murder, to be hanged [on Dec. 14] in an opera house. A select audience had been invited to attend, including relatives of Jesse Singley, the murdered man, a planter. It was intended to have the execution in the prison yard, but the sheriff says he changed the execution on the stage because a storm would have inconvenienced the sightseers. The gallows having been erected on the stage, Turner was asked if he had anything to say. He confessed he was guilty and added: "Tell the men of my race from me, Mr. Sheriff, that they had better do what the white men tell them and keep away from whiskey, that's all." The drop fell and the audience quickly left.

1936: From the Mailbag PARIS — [A reader writes:] "It wasn't until I became a student at the Sorbonne that I realized what a superficial education most students get in America. I would not have American institutions adopt the French system of all work and no football games, but perhaps a little sports emphasis would be in order." [Another reader says:] "This letter is addressed especially to the person who inquired what Donkibobers are in the Mailbag column several days ago. Donkibobers are people in Western Canada who, if they don't like somebody, like the government, take off all their clothes and won't put them on again, so you see they are left standing in the nude. Donkibobers have been known to strike against different things like, say, education. They always win their strikes."

OPINION

Another Eminent Victim Of Botha's Rule by Force

By Anthony Lewis

NEW YORK — If there is a rational future for South Africa, and there should be, Zwelakhe Sisulu will play an important part in it. Character, intellect and history make him someone who can help the center hold if and when Pretoria moves toward nonracial democracy. He is a newspaper editor, 36 years old. He was a Nieman Fellow at Harvard two years ago, and his understanding and presence made a deep impression on those who came to know him there, including me. He has lately lost access to Pretoria's system of separate and unequal schools. He is the son of a great figure in the anti-apartheid movement, Walter Sisulu, who has been imprisoned with Nelson Mandela for 20 years. Zwelakhe Sisulu was taken into detention last week, picked up at 3:30 in the morning at his home in Soweto and taken to an unidentified prison. It was the day after the government imposed on the press, students and foreign, an emergency law that suspended the constitution. Estimates are that several thousand were arrested in the first few days of the new clampdown; to be held indefinitely, without charges, without trial, without access to a lawyer. But the detention of Zwelakhe Sisulu was a particular symbol of the policy on which Pieter W. Botha and his government are now set. Governing by force: That is the policy. Mr. Botha has stopped talking about "reforms" in the system of institutionalized racism. He has vetoed proposals to relax the segregation laws. He has crushed any thought of negotiating about political rights for the black majority of South Africa. The policy of all-out repression requires that all significant figures in the black community be pictured as dangerous, violent revolutionaries. For if they were admitted to be reasonable people,

with only the reasonable desire to be treated as human beings, then it would be evident to all that they were being treated as human beings, then it would be evident to all that they were being treated as human beings, then it would be evident to all that they were being treated as human beings...



DANZIGER

Don't Bomb It if People Can't Locate It

By Neal Richman

LOS ANGELES — After every election, naysayers emerge, warning that the public-initiative process poses dangers to America's constitutional form of government. This is a misperception. California initiatives add a wonderful dose of serendipity to policy making. Reasoned analysis has created scores of problems, so what is the harm in trying a little irrationality? Obviously the rest of the United States agrees. California propositions have caught on across the nation almost as fast as the wine cooler. The trend has only one failing: Americans have never tried applying the initiative process to their country's most pressing international problems. As a first step toward bringing foreign policy under popular rule, Proposition XXX is hereby proposed: "The government shall be prohibited henceforth from invading or bombing any nation unless a majority of adult Americans can identify said nation on a map." The idea for Proposition XXX was born about a year ago, when the Gallup organization reported on a survey of the public's knowledge of international geography. The findings were conclusive: Americans are geographically illiterate. In other words, most Americans could

not distinguish between Iran and Iraq on a map unless they had personally supervised arms shipments there. Admit it. When you first heard that the United States was invading Grenada, you wondered what the Spanish government had done wrong. A recent University of Maryland study of students preparing to be teachers confirmed the depth of the problem. Of the prospective elementary school teachers, 71 percent could not locate France on a map; of the prospective high school social-studies teachers, 46 percent could not find Vietnam. The logic behind Proposition XXX is simple. If America is going to blast a country to kingdom come, Americans should at least know where it is. As a corollary: Can a nation be a threat to U.S. security if Americans cannot locate it? This initiative promises to bring democracy back into U.S. foreign policy. But the practical importance of Proposition XXX cannot be overemphasized. When so many international interventions are being conducted by the private initiative of Americans like Eugene Hasenfus, the need is critical for universal geographic literacy. A slight misconception of the map, and Mr. Hasenfus might have been delivering military sup-

Mr. Richman, a writer in Los Angeles, contributed this to the Los Angeles Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Guns, Goons and Gold

I disagree with Keith B. Riechburg's observation on Local Affairs Minister Aquilino Pimentel in "Aquilino Aides Re-ignite Earth's Checkmate" (Nov. 25). To call the appointment of local government officials "the biggest single political disaster" of President Corazon Aquino's nine-month-old government is a narrow-minded observation. Mr. Pimentel was instrumental in dismantling the tentacles and cruel claws of the Marcos dictatorship, which consisted of 98 percent of mayors and governors, with all the guns, goons and gold you can think of. If Ferdinand Marcos had decided to return a few months after the revolution, with his armed mayors and governors still in office, that could have been the real disaster. For a foreigner it is hard to understand Mr. Pimentel's appointments, but from our point of view it was the single greatest victory of the Filipino people. RAFAEL V. BROGAR, Taguigan, Philippines.

Worse Than the Iran Affair

The reports in your issues of Nov. 22 and Dec. 5 on the defects of the B-1B bomber reveal a bigger threat to U.S. national security than the Iranian affair and the games in Central America. To spend \$28.5 billion on a plane which cannot fly above 20,000 feet (6,000 meters), whose fuel tanks leak, whose defensive electronics do not work, whose terrain-following radar has problems and whose missile-launching system is defective is a scandal and demonstrates incompetence far worse than the famous procurement of 5900 coffeepots and \$2,400 toilet seats. President Carter canceled this lemon, but the Reagan administration revived it. Who is going to take the responsibility for this fiasco and resign: the head of air force procurement, the air force chief of staff, the secretary of defense? The money could have bought a lot of conventional armaments to make up for all the missiles that we want to scrap. CLIFFORD BERNETT, Versoix, Switzerland.

Wearing Out the Role

Sean Connery and Roger Moore each gave up playing James Bond after making six movies. Should not Ronald Reagan also gracefully relinquish his big role after six years? EMILY MARTIN, Bern.

Before and After Conquest

William Safire (Language, Nov. 10) says that the word concubine has "never" made it in the Occident. But concubine is the French legal term for that nameless "other." Concubinage is the state of living together out of wedlock. Perhaps the U.S. Census Bureau was not so far from the mark with cohabitee, clearly a relative of the French cohabitation. But then one would be terribly tempted to call President Reagan's new-found state of "cohabitation" with the Democrats in the Senate and in the House something unmentionable. NICOLAS P. CARON, London. Other meant "second" before the Norman conquest. So when psychiatrists say "significant other," the word significant doesn't mean much. Concubine never made it in the Occident? France is a Western country. GAULTIER O'DINEY, Hyeres, France. For a suitable term for a person one lives with, we suggest a direct translation of the word commonly used in Sweden; sambo (a shortening of sambonde, "living together"). In English: cohab. JANE LOETTLER and ANDERS WESTBERG, Umea, Sweden.

Now It's Pretoria's Turn

We watched Somoza do it. We watched Duvalier do it. We watched Marcos and others do it. As I follow South Africa in my daily newspaper, the question is: What is the world, especially the West (and notably Switzerland), do-

One Up on the Greeks

Most ancient Greek dramatists did not dare use as material the well-known news of the day, or even recent history. As Loren Jenkins intimates in "Film Reopens Italy's Wounds About Moro's Ordeal and Death" (Nov. 26). Mr. Jenkins might well have drawn a parallel between ancient Greek drama and the Italian reaction to the Moro film by pointing out that the one ancient Greek dramatist whose play did deal with a recent historical event was punished for it. Phrynichus's "Capture of Miletus" was about the Persian takeover of the Greek city of Miletus in Asia Minor. The play was performed only a few years after the loss of the city in 494 B.C. and Athens was so upset that the playwright was fined. After this, tragedians stuck to rewriting myth, and the ancient history of Homer. In this way the bad feelings created by the Moro film are indeed nothing new in the history of drama. How the case dif-

The Portuculis Falls

FROM Hanoi to Havana, from Moscow to Santiago, the portuculis has fallen to stifle the cries of those oppressed by totalitarian regimes. In Africa, the erosion of democratic freedoms has gnawed away like rust at the ideals upon which the independent black states were founded; and last week the white government of South Africa joined in, imposing new and rigorous controls on freedom of the press. They will prevent journalists from reporting not only acts of violence but also peaceful protests. [And] they seek to destroy extra-parliamentary groups, like the Black Sash and the United Democratic Front, that have provided one of the main channels through which news of South Africa has been disseminated. —From The Observer (London).

General News

Philippines Tightens Grip On Military

By Seth Mydans, New York Times Service. MANILA — Recent threats of a coup by military officers have widened latent divisions within the armed forces, but these are being healed by a slow tightening of discipline, according to Defense Minister Rafael M. Ilo. In an interview Friday, Mr. Ilo said he and General Fidel V. Ramos, the chief of staff, were working to bring dissenting groups under control and withdraw the military from the political posture it has taken. "After 10 or 15 years with Marcos, having the power to rule this country under martial law, maybe the military got used to dictating to the public," Mr. Ilo said. "We are no longer in that game. We are back to democracy, and I think we should realize that." He said the task of de-politicizing the military was complicated by the divisions that came to a head last month when a group of officers loyal to his predecessor, Juan Ponce Enrile, came three times to the brink of armed action. "Even in Marcos's time there were divisions in the armed forces," he said, referring to what he said was the distortion of the military by the former president, Ferdinand E. Marcos, into a personal army. "I said then that those cracks would come wide open in a crisis, and they did," Mr. Ilo said. The task now, he said, is to persuade officers that "hanging around and talking about politics and talking about national policy, that's not our business." "Our business is to see that when we are called upon to defend this country we are prepared," he said. Mr. Ilo said the military must work to improve its attitude toward the citizens, particularly following the new cease-fire with the Communist rebels. "Some people, even some high-ranking officers, think that just because they are given a rifle they can tell anybody to do what they want, otherwise they'll use that rifle," he said. "That's the wrong attitude." Three days after it took effect, the 60-day cease-fire was the center of a debate over the right of the rebels to carry arms into population centers. Mr. Ilo said both sides would use the breather as a time to regroup and refrain and to carry out propaganda activities. Speaking of the armed forces, he said: "Our main approach is towards getting close to the people.



President Corazon C. Aquino and Vice President Salvador H. Laurel at a meeting at which a proposed visit to the Philippines by Ferdinand E. Marcos was rejected.

Philippine Cease-Fire Reportedly Broken

Washington Post Service. MANILA — Military officials accused Communist rebels of attacking a government patrol shortly after dawn Monday in the foothills of the central island of Panay. President Corazon C. Aquino later ordered a national commission monitoring the cease-fire to investigate the incident, which was the first major violation reported in the 60-day truce that began last week. The alleged violation does not appear to have jeopardized the truce, but it has deepened distrust already existing between the armed forces and the Communist New People's Army. Military officials have accused the rebels of violating the spirit of the agreement by brandishing firearms in towns and villages. The national cease-fire monitoring committee is to meet Tuesday in the capital in an attempt to mediate the dispute over whether the guerrillas will be allowed to carry their weapons in towns and villages. In another development Monday, the government threatened to arrest former President Ferdinand E. Marcos if he attempted to return to the Philippines for the funeral of his youngest sister. The announcement was made following an emergency cabinet meeting to discuss reports that Mr. Marcos was planning to return to the country. The emergency cabinet session was called a day after Mr. Marcos sent an emotional taped holiday message to his followers. In the tape, played on a local radio station, Mr. Marcos said he hoped to return to the Philippines by Christmas. Government and Communist rebel officials appeared to play down Monday's reported violation of the cease-fire. Everyone knows that the military is not really that close to the people." He said the cease-fire "should give us time to improve our image in the eyes of the public and make us a little useful to them and get to know and be a part of the masses as much as possible." To this end, he said, soldiers would engage in public works projects like building schoolhouses, digging ditches and helping their engineering units. During the cease-fire, he said, "one important item is indoctrination of the soldiers, their attitude toward service, their discipline, their cooperation with the people." "The NPA does this," he said, referring to the Communist New People's Army, which has grown in 17 years to a force of more than 16,000. Mr. Ilo acknowledged that many military officers strongly opposed the cease-fire. "I explain to them to ride along with this and take a good look," he said. "Who knows really how it will go. So instead of just saying 'We do it this way,' which we have always been doing before, and have not succeeded, really, we can try another approach and see how it goes." As for propaganda gains by the Communists, who are making the rounds of television talk shows and having cocktails with newspaper editors, he said: "It may be that in this kind of talk and talk they expose themselves. They have to admit they are Communists, and Filipinos don't like Communists." In molding the military back into a unified, disciplined and nonpolitical force, Mr. Ilo said, he and General Ramos were using a policy of a gradual tightening of control. "Maybe you see a small group here, another group, another group," he said. "I assure you that slowly we are getting back to professionalism." Speaking of General Ramos's handling of the men who had threatened armed action, he said: "There are so many ways of solving a problem. You can use the drastic way, and then you can use a softer way." "Maybe he is moving slowly, but you can see the tightening now, slowly tightening the grip, and changing the way of doing things in the military," he said. "If you do it too abruptly you are probably looking for trouble." The defense minister indicated that his program to move the military out of politics also suited his personal style. He said he felt uncomfortable in the political forums that were the haunt of his predecessor. "I'm not used to that," he said. "I'm not a politician." "To face the public, attend to all their questions, people trying to corner you, I feel like a clown trying to humor them," he said. "Why should I debate with Satur Ocampo," he said, referring to a leading Communist spokesman. "That's their line. They're newspaper men. They like to get you there to argue with them in public. What will I gain out of it?"

Advertisement for Remy Martin XO Cognac. The ad features a large bottle of cognac in the foreground, with a glass of cognac to its right. In the background, there is a silhouette of a person in a tuxedo. The text at the top reads: "What would it be like to drink Remy Martin XO everyday?" Below the bottle, it says: "Christmas!" and "THE XO COGNAC by REMY MARTIN Exclusively Fine Champagne Cognac". At the bottom, there is a small line of text: "Remy Martin XO is a superior XO cognac as it is made exclusively from grapes grown in Cognac's two best regions, la Grande and la Petite Champagne. By official decree, only such a cognac is entitled to be named 'Appellation Controllee Fine Champagne Cognac'."

Norway's Leader Expected to Survive Budget Test



Heaven on Wheels

This 20th-century angel was spotted — but only briefly — on a Zurich street on Monday, perhaps en route to carry out some important pre-Christmas duty at, presumably, a much loftier destination.

By Francis X. Clines
New York Times Service

OSLO — The fragile new government of Prime Minister Gro Harlem Brundtland is expected to weather its toughest legislative test Tuesday with the economy still debilitated by Norway's plummeting fortunes as an oil exporter.

For Mrs. Brundtland, a 47-year-old physician turned politician, the narrow approval being predicted for a stringent austerity budget for 1987 would amount to considerable success under some of the most difficult political circumstances in a Western democracy.

Norway finds itself overdependent on oil revenues and well into an economic spiral with none of its political parties holding a working majority in the legislature and no new election possible until 1989.

The resultant haggling, coining and finessing in the legislature has been intense.

Whatever impression the outside world has about Norway as a winter-glazed social welfare utopia, the new prime minister has had to scramble to find enough cuts, revenues and votes to avoid political crisis.

Fast and strong executive action

'Considering the problem, I don't think we need to be ashamed of ourselves.'

— Gro Brundtland, prime minister



Gormer Press

is needed to reshape the economy away from both oil dependency and consumer overspending prompted in the recent, now-lamented boom years when Norway opted to exploit its offshore resources.

"We see that oil can be destructive if we are not able to keep a moderate line that is helpful for economic and social develop-

ment," Mrs. Brundtland said. She was referring to the nation's quick spending of oil revenues that poured in for the first half of the decade.

She is vowing to come out of this turmoil — providing she survives future critical votes — with Norway enjoying a more varied economy and with oil revenues far less of a government crutch.

A clear majority for her Labor Party would not hurt her program, either, and the latest polls show her regaining support for Labor now that the public is accepting the general austerity mood. But elections are more than two years away.

The dangers for her in having to survive in the meantime were well illustrated last May when the Conservative Party's ruling coalition fell apart. Prime Minister Kaare Willoch stepped down after only a few legislators retreated from his attempt at austerity measures.

His multiparty coalition had 78 votes and Mrs. Brundtland's has 77, with 79 needed to pass a measure in the parliament. The two remaining seats are held by the unpredictable, rightist Progress Party.

Some politicians say they believe the opposition may be content to accept the precarious status quo, since no new coalition of the nation's half-dozen parties would be any easier to put together and there seems little political advantage in taking the lead in cutting budgets.

Mrs. Brundtland said, with satisfaction, "Considering the problem, I don't think we need to be ashamed of ourselves."

The prime minister has been

kept busy attempting to work out a compromise that is expected to see her minority coalition attract enough votes on Tuesday to pass a \$32.7 billion budget in relative balance. The budget veered from a surplus of \$3.4 billion last year to a deficit of \$4.9 billion this year, a turnabout attributed equally to lost oil revenues and the overheated consumer economy.

And Mrs. Brundtland has been winning support to keep her government in control even as the works at planning additional austerity measures.

She took over the government as world oil prices underpinning the economy were falling precipitously, dropping to \$10 a barrel from \$30 in a matter of months.

In a chain reaction, Norway's budget quickly tumbled into deficit after years of growth fed directly by oil revenues, to the point where they had been financing 25 percent of the national budget.

Far from her last campaign promises of optimism and growth, Mrs. Brundtland has had to put together a package of tax increases and spending limitations on some welfare and health programs.

In West Germany, Unions' 'Social Economy' Is Going to Ruin

By Robert J. McCartney
Washington Post Service

BONN — In the 1850s, in the coal and steel center of the Ruhr basin, the pioneers of West Germany's union movement persuaded colleagues in the bricklayers' guild to use their spare time to build cheap, simple houses for poor industrial workers.

In the following decades, that experiment in cooperative economics blossomed into a policy of using union resources to provide the working class with low-cost goods and services.

Loyal to that tradition, West Germany's powerful unions built up empires of housing, insurance and banking companies after World War II. By seeking only marginal profits, these companies were able to charge lower rents, insurance premiums and interest on loans than their private counterparts.

A century later, the unions' program is headed toward ruin. Their housing company, the largest in Western Europe, announced this month that it hoped to avoid bankruptcy by gradually selling its apartment buildings to repay \$8.5 billion in debts. It has fallen victim to poor management and corruption after providing hundreds of thousands of low-income families

in the 1950s and 1960s with their first modern apartments.

The housing company is also dragging down the enterprises. On Nov. 18 the unions sold control of their bank to an insurance company to raise money to cover the housing company's losses. Next year the unions plan to sell a large part of their highly profitable insurance company, possibly on the Frankfurt stock exchange.

The collapse of the Gemeinwirtschaft, or "social economy," has tarnished the reputation of the German Trade Union Federation, known as the DGB, and has become a major embarrassment to the opposition Social Democratic Party.

The party has longstanding ties to the unions, and the controversy this autumn over the unions' holdings has virtually ended the party's meager hopes of unseating Chancellor Helmut Kohl, a Christian Democrat in the January elections, according to politicians and commentators.

In the broader perspective, the liquidation of union companies marks the end of a dream. For four generations, the labor movement sought to build a worker-oriented economic system to challenge capitalist control of society.

"I think we are witnessing the

end of an era of social history of this country," said Heinz Markmann, director of the union federation's Institute of Economic and Social Research in Dusseldorf.

"Many of us felt a sentimental linkage to the companies, and we expected from them a moral quality above that of sheer bloody capitalism," he said. "This is gone. This moralistic component is broken."

In one sense, the unions have only themselves to blame. As business leaders and conservative politicians point out, the main reason for the unions' problems is that their companies paid too little attention to the rigorous financial controls that are more typical of profit-oriented enterprises.

In the housing company, Neue Heimat GmbH, union-appointed executives made a series of bad investments and, in some cases, looted the company for personal gain. When private housing compa-

nies were adopting austerity measures in the early 1970s because of a downturn in the real estate market, Neue Heimat, or New Home, continued to invest huge sums in property in West Germany and abroad.

The unions, instead of questioning this speculation, ignored it. They acted only in 1982, when the

magazine Der Spiegel broke the story of corrupt dealings by the Neue Heimat chief executive, Albert Victor, and other officials.

The unions dismissed Mr. Victor, nicknamed "King Albert" for his expensive lifestyle, but it was too late. The company was deeply in debt, and the housing market remained depressed.

The unions tried this autumn to sell most of Neue Heimat to a West Berlin businessman, but their creditor banks forced them to abort the deal. They then announced the liquidation plan, and meanwhile had sold 51 percent of Bank für Ge-

meinschaft AG for nearly \$1 billion.

"There was a failure of control," a senior union official said. "There were only union people around the table" at Neue Heimat, "and each believed the others to be of the same breed as himself, and therefore trusted them blindly."

In another sense, the companies were victims of their own success. By helping West German workers to obtain apartments, open bank accounts and buy life insurance, the companies encouraged them to adopt middle-class values and lifestyles that gradually eroded the workers' commitment to the "social economy," union officials and other analysts said.

In addition, as the unions' companies grew and became major national enterprises, private companies made greater efforts to compete with them.

"As class barriers have become less important, as the working class has been integrated into society, the need for special services has dropped," said Karl-Heinz Stanzick, spokesman for the unions' main holding company, Beteiligungsgesellschaft für Gemeinwirtschaft AG.

The "social economy" has been considered one of the three pillars of the German labor movement,

together with the Social Democratic Party and the unions themselves.

It had its origins in the cooperative movement of the late 1800s.

As the country industrialized, unions organized cooperatives to supply basic foodstuffs and simple clothing at cut-rate prices. In the 1880s, insurance societies were formed in some cities to provide unemployment benefits.

The program grew rapidly and was organized on a national scale during the Weimar Republic in the 1920s. The first union-owned bank was founded in 1923, primarily to raise money for strike funds. Neue Heimat opened in that decade.

The Nazis outlawed independent unions and confiscated their assets shortly after coming to power in 1933. But the unions regained those assets after World War II, and used the funds and members' dues to reestablish Neue Heimat and Volksfürsorge Lebensversicherung AG, the insurance company. Six union-owned regional banks merged in 1958 to form the national Bank für Gemeinwirtschaft.

Now, the advantages that remain for the unions' clients seem bound to disappear. The new majority owner of Bank für Gemeinwirtschaft, for instance, is expected to eliminate the union members' discounts on fees.



Willy Brandt

Bonn Is Angered By Suggestion of Pentagon Official

The Associated Press

BONN — The West German government asserted Monday that a high-ranking Pentagon official was ill-informed when he suggested that the government could improve military spending by reducing financial credits to East Germany.

The suggestion was made by Richard N. Perle, the U.S. assistant secretary of defense for international security policy, to the Neue Osnabrücker Zeitung over the weekend. He said that by cutting back on credits granted to East Germany, West Germany could increase military spending without having to sacrifice any social welfare programs.

The government spokesman, Friedhelm Ost, said Monday: "We can only conclude Mr. Perle's statements are based on inadequate information about our relationship with East Germany." Although West Germany has guaranteed bank credits, he said, it has not provided direct credit to East Germany.

High-level Bonn officials described Mr. Perle's comments as "irresponsible interference" in West German affairs.

Brandt Will Leave Party Post in '88

Reuters

BONN — The former West German chancellor, Willy Brandt, says he intends to step down as chairman of the opposition Social Democratic Party in 1988 to make way for a new leader.

Mr. Brandt, 72, refused to suggest a likely successor, saying that the standing of rival moderate and left-wing contenders, Johannes Rau and Oskar Lafontaine, would become clearer after national elections next month.

Handwritten signature or mark at the bottom of the page.

ARTS / LEISURE

The Saving of the House of Windsor

Mohamed Al Fayed Adds Paris Home to His Collection

PARIS — On Dec. 10, the 50th anniversary of King Edward VIII's abdication, Mohamed Al Fayed... Paris, then the House of Fraser.

HEBE DORSEY

including Harrods, the royal snuff-makers Turnbull and Asser, and now some of the contents of the mansion where the Windsors lived for many years, on the edge of the Bois de Boulogne.

"Someone like me, born in a country of deep civilization, has to live in the past," Al Fayed said.

The house is to become a museum to the memory of the Windsors, open only to historians and members of the British royal family.

Right after he bought some of the contents of the Windsor mansion, "I passed the whole inventory to the palace," Al Fayed said.

"This desk is part of history," he said. "It will probably go to some museum. It will be nice for British people to be able look at it."

The desk, which was long kept at the Windsors' country home outside Paris, now sits in the main salon, topped by pictures of King George V and Queen Mary in their coronation robes.

Al Fayed negotiated a 50-year lease from the city of Paris, which owns the mansion. "I approached the mayor of Paris, who is a man of culture and who has great appreciation for what I have done for the city by restoring the Ritz."

"During the duchess's long illness, everything fell apart, the roof, the electricity, just about everything. We feared we might be driven away by the house even before the duchess died," said one of the four servants, whom Al Fayed retained.

Upstairs, in a small boudoir separating the duke's quarters from the duchess's, everything seems intact. The duchess's 18th-century Chinese desk is kept open, and pencils remain in disarray in a box on the duke's desk together with dictionaries in four languages.

Al Fayed, who said he met the couple only once, for dinner at their home 20 years ago, heard of plans to sell contents of the house last July, just before they were to go on auction.

Touring the house, Al Fayed picked up a black-and-white needlepoint pillow representing the Colonne Vendôme and the Ritz Hotel. "The duke made this pillow," he said.

Picking up another pillow, embroidered with the duke's three feathers insignia, Al Fayed said: "This was embroidered by Queen Mary. All the details here are historical; we can see how he was living, how he was sleeping, how he was eating. Everything is intact."

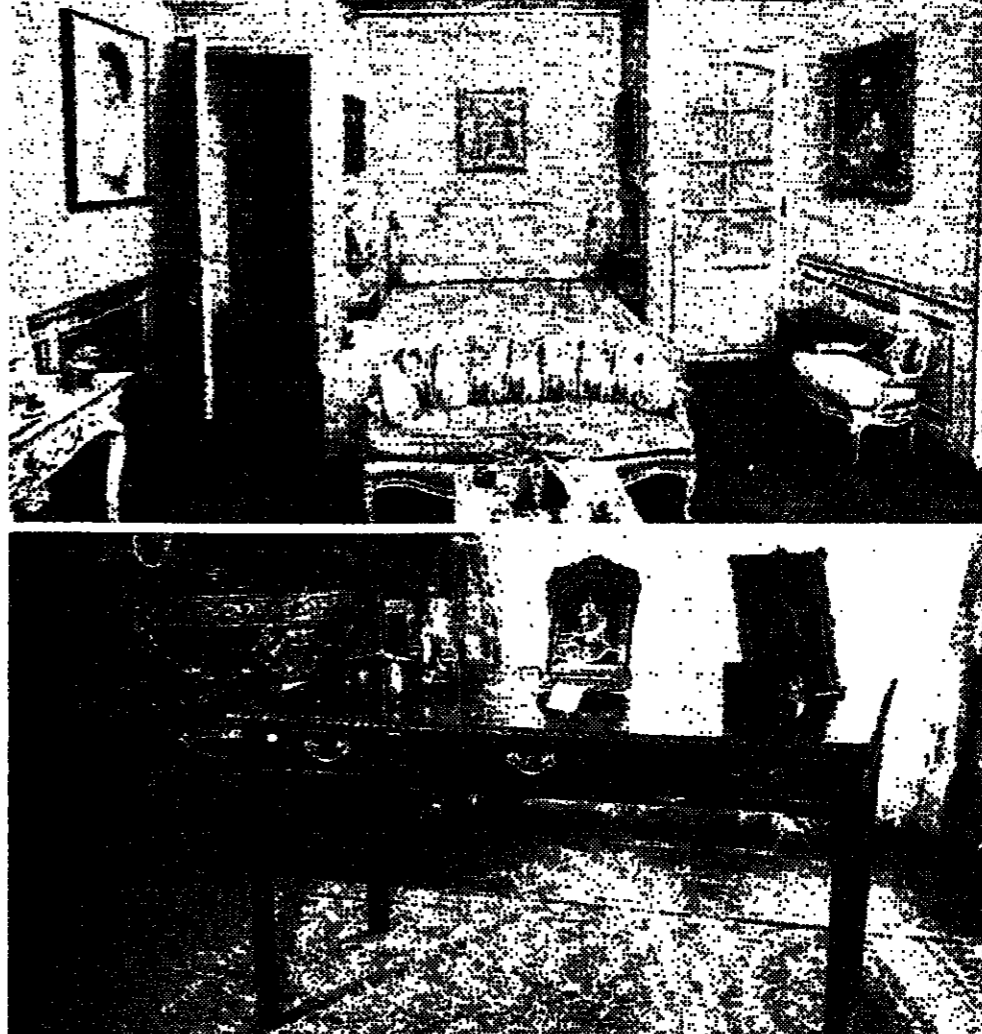
Actually, everything is not intact. While the house retains the atmosphere it had during the Windsors' life, much has changed.

There is only one left of several of the duke's regimental flags, hanging in the main hall. Close friends frequently described the main salon as crammed with precious furniture and objects, including a table stacked with gold and diamond boxes and Fabergé-framed pictures. They're gone. Gone also are the extraordinary porcelain and 18th-century pieces of furniture, which went to the Louvre museum and Versailles, in accordance with the duchess's will.

Al Fayed has done an impeccable job of replacing curtains, recovering a brown velvet settee in the library, and repainting walls. The electricity and plumbing have been fixed.

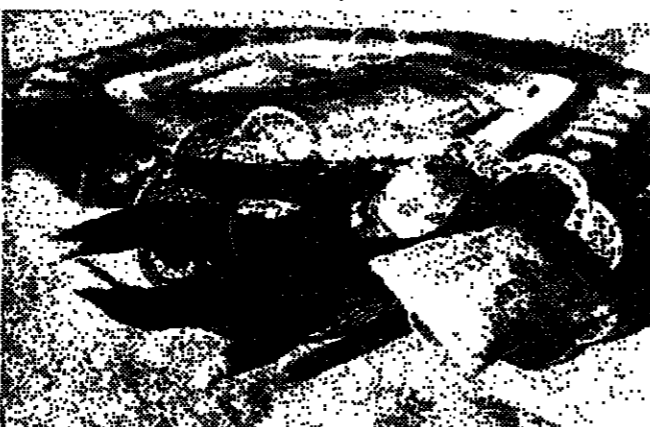
Despite the fact that many pieces the Windsors lived with have left the house, what's left is touching. Sheer music — "I Love Paris," "Mr. Wonderful" and "Something's Gotta Give" — is still on the black baby grand, in a corner of the salon. The library downstairs and the duke and duchess's quarters upstairs are full of potent memorabilia. The handsome leather-bound book collection includes copies of "A King's Story," the duke's autobiography, in several languages.

As for the duchess's jewels, which are to be put on sale at Sotheby's next April, Al Fayed seemed undecided as to whether he would buy them. "I've been approached but I've not decided yet. We'd like to, but there is really no historical value to them. It was all modern and I'm only interested in things



Photographs by Vladimir Sidorov

Mohamed Al Fayed in front of a portrait of the duchess in Windsor house; the duchess's bedroom with pug pillows on the settee, and the abdication desk.



The duke's beloved chimney-sweep doll.

Pictures of the couple and of the royal family, especially of Queen Mary, abound. A photograph of Princess Margaret with Lord Snowdon and their children sits on the duke's desk. A picture of Queen Mary is on the duke's bedside table, as well as a little pillow, reading "Take it Easy."

"It was the first thing I packed," said one of the butlers. "I could have forgotten a piece of jewelry but not this doll."

Among the riches of Beverly Hills, a little gem of a hotel.

The Beverly Pavilion is one of two small, fashionable Beverly Hills hotels that are run in the European style, under the direct supervision of the proprietor himself.

BEVERLY PAVILION A Mitz Beit Hotel 9360 Wilshire Blvd., Beverly Hills, CA 90212. Telex No. 691 3166.

GRACIOUSLY HYATT. Enter a world of gracious service and magnificent surroundings at Hyatt Regency Delhi. Experience the luxury of Regency Club rooms and the efficiency of our Business Centre. Enjoy a variety of fine cuisines at our specialty restaurants, including the newly opened Yachting Club. Unwind with our extensive fitness and leisure facilities. Hyatt Regency Delhi — for the very best in gracious living. Don't just wish you were here.

DOONESBURY comic strip panels with dialogue: BRAVA! BRAVA! CLAP! CLAP! CLAP! CLAP! GENIUS GIRL! WHAT A FABULOUS CHOICE! THE WAY YOU SUBVERTED THE AIR-LESS CINCINNAMON OF YOUR PRIZE WITH THIS CORNY ENDING!

THE FIRST HAPSBURG MALT WHISKY. The Glenlivet dynasty can be traced back to 1747 when the Hapsburg kings ruled in Austria. Today, Scotland's first malt whisky is also first choice in Vienna. Scotland's first malt whisky.

with a royal history." The sale will include not only jewels, but other objects, including some of the duke's swords.

Al Fayed, who received the Legion of Honor from President Francois Mitterrand for bringing back the Ritz hotel to its former splendor, could be in line for a lordship, if only for helping heal the wound between the British crown and the Windsors.

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Lot 6 Gin advertisement. THERE'S ONLY ONE GIN FOR THE WELL-INFORMED. Lot No. 6 Gin advertisement with image of a bottle and glass.

WIN \$ MILLIONS!

Strike it rich in Canada's Favorite Lottery. You pick your own numbers playing Lotto 6/49

That's right... you can win millions by picking your own numbers playing Lotto 6/49—Canada's most popular Government Lottery. In fact, last year Lotto 6/49 paid out \$354,736,589.00 in ALL CASH PRIZES.

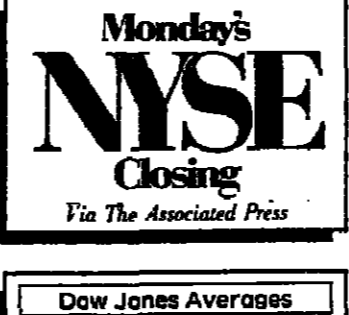
Lottery details and prize breakdown table. PRIZE BREAKDOWN (Actual Sample of One Draw) table with columns for Prizes, No. of Prizes, and Prize Value.

CANADIAN OVERSEAS MARKETING ORDER FORM. Includes a grid for picking numbers (1-49) and a section for payment and contact information.

NYSE Most Actives table listing top trading stocks like Amgen, Amgen, Amgen, etc.

Market Sales table showing volume and value for NYSE, AMEX, and OTC.

NYSE Index table showing High, Low, Close, and Change for various indices.



AMEX Diary table listing stock prices for American Exchange.

NASDAQ Index table showing market performance for NASDAQ.

AMEX Most Actives table listing top trading stocks on AMEX.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing specific stock transactions.

Odd-Lot Trading in N.Y. table showing odd-lot trading statistics.

Dow Jones Averages table showing performance of major market averages.

Standard & Poor's Index table showing S&P index performance.

NASDAQ Diary table listing stock prices for NASDAQ.

AMEX Stock Index table showing AMEX index performance.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Ends Mixed After Rally

NEW YORK — Prices ended mixed Monday on the New York Stock Exchange in a volatile session that began with a broad decline and ended with a rally led by blue chips.

The Dow Jones industrial average, which fell 12.80 last week, was up 10.55 to 1922.81 from 1912.26 Friday as the NYSE closed.

An hour earlier, the Dow was down more than 6 points and in the early afternoon, it was down more than 17 points.

Declining issues led advancing ones, however, by an 8-7 ratio.

Volume amounted to about 148.22 million shares, compared with 126.6 million Friday.

The NYSE's composite index, a broader measure, rose 0.34 to 141.87.

Standard & Poor's 500-stock index was up 0.86 at 248.21.

Prices were lower in active trading of American Stock Exchange issues.

maneuvers involving futures or options and individual stocks.

Texas Commerce Bancshares rose 3/4 to 27 3/4 and Chemical New York fell 3/4 to 43 1/2, both in active trading.

The Dow of the deal prompted buying of other Texas bank stocks.

Beneficiaries of the late strength in blue chips included International Business Machines, up 1 1/4 at 127 3/4.

General Electric, up 1 at 85 3/4, and American Express, which gained 1 3/4 to 59 and led the active list on turnover of more than 2.6 million shares.

Beneficial Corp. tumbled 6 to 59 upon word that the company had called off a special shareholders' meeting that had been slated to consider a liquidation plan.

MBB Plans a Venture With UTC On Automated Laser Technology

MUNICH — Messerschmitt-Bölkow-Blom GmbH and United Technologies Corp. announced plans on Monday to cooperate on developing flexible automated laser technology for the automobile and capital goods industry.

The companies said they had signed a letter of intent to form a joint venture in West Germany.

The project must be approved by the supervisory boards of both companies. No financial details were provided.

Large table of stock prices under the heading 'NYSE Most Actives'.

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Free Booklet European Guide to Gold. Includes text about investment advantages and contact information for Gold Information Centre.

GOLD Money you can trust. Large graphic with the word 'GOLD' in a stylized font.

Table of stock prices under the heading 'AMEX Most Actives'.

(Continued on Page 12)

Handwritten text at the bottom of the page: '1987, 1988, 1989'.

Berlin: A Double Celebration

HISTORY AT A GLANCE

1237: Berlin Founded
On Spree Trade Route
 Berlin is founded for geographical and mercantile reasons, commanding a natural east-west trade route over the Spree River.

1411: Hohenzollerns
Take Over Brandenburg
 The Nuremberg baron Frederick VI becomes governor of Brandenburg, beginning Berlin's association with the Hohenzollerns.

1871: City Is Capital
Of New German Reich
 Following Bismarck's successful military ventures, the city becomes the capital of the German Reich.

Jan. 31, 1933: Hitler
Is Brought to Power
 Hitler becomes chancellor, his storm troopers marching through the Brandenburg Gate with massed flags and torches. By the time of his arrival in power, the economic crisis in Germany had produced 636,000 unemployed people in Berlin alone.

1939-1945: Allied Bombing
Destroys Capital
 Allied bombing during World War II costs Berlin an estimated 52,000 dead. With the end of the war, the four-power occupation of the city begins.

June 24, 1948: Airlift
Feeds Blockaded City
 The Soviet Union begins a land blockade of the western sectors of the city. To break the blockade, the Western powers mount an airlift of vital supplies to the city that lasts until September 1949.

Aug. 13, 1961: Communists
Begin to Build Wall
 To stem the flow of refugees to the West, the East Germans start construction of a wall through the heart of the city.



Organ-grinder with Kaiser Wilhelm Memorial Church in background.

Suspicion and Competition

750th Birthday Reflects Split

By Henry Tanner

BERLIN — Like a divorced couple celebrating — separately — the birthday of a grown child, the rival authorities of West and East Berlin are making preparations for the celebration next year of the city's 750th anniversary. The watchwords are suspicion and competition, not cooperation.

The celebrations will be as different on the two sides of the wall as the political ambitions and basic ideological coloring of the leaders and the nature of the societies over which they preside.

The opening in the East will be a glittering gala concert of the East German State symphony orchestras on the first of the year. From then on, there will be 12 months of a dizzying sequence of concerts, operas, parades (including one involving about 40,000 marchers), exhibitions, at least one ball and, as climax, an official state ceremony presided over by Erich Honecker, the East German party leader — all of it against a majestic backdrop of lovingly restored historic landmarks and hastily built new palaces. Guest ensembles from almost every country in the world have been invited.

Every Monday morning for more than two years, special trains and convoys of buses have been bringing in brigades totaling 30,000 construction workers from all the corners of East Germany to finish the work in time for the

grand opening. Construction work has come to a virtual stop in the rest of the state.

West Berlin does not match this single-mindedness and ceremonial pomp. It lacks the monumental backdrop, since almost all the sites of Berlin's imperial past were on the East side of the wall where the heart of the city once

where the Gestapo once had its headquarters. Many of the celebrations are local events organized by the 12 West Berlin city borough competing with each other. Counterculture groups will vie with established artists as famous ensembles in theaters and concert halls.

West Berlin is stressing cultural and political diversity, and fun.

A decision on whether Christo will be allowed to wrap up the Reichstag building plastic has yet to be made. It is a toss-up, with those in favor gaining ground over the critic.

West Berlin, in other words, is stressing cultural and political diversity, spontaneous fun, creative chaos and a good shot of communism and boasting about its wealth — all in keeping with its exuberant lifestyle.

"The East German leaders are saying, 'Look at us, we are somebody, we have a history and permanent state,' and the West Berliners are just being themselves," said one of the latter.

There is competition of a less visible but more ominous kind, too.

For the East German regime, the anniversary is an occasion to promote well-defined permanent political objectives, including, first of all, de-facto recognition of East Berlin as the capital of East Germany and international acceptance of the East German state as permanent country like any other.

Both aims are stressed forcefully by Mr. Honecker in the official anniversary guide, beautifully illustrated book that was printed expensively with state-of-the-art Western equipment on fine paper. It is selling for about \$9 in West Berlin bookstores but is not yet available in the East.

Continued on page 11

Looking Back on the Place Where Everything Happened

By Shepard Stone

BERLIN — For almost 60 years I have had an affair with Berlin. Like all affairs, it has had its ups and downs. Not long ago, Alan Bullock, the English historian whose biography of Hitler remains the standard, suggested that the history

SHEPARD STONE, director of the Aspen Institute in Berlin, is one of four non-Germans to have been made honorary citizens of the city.

of the 20th century should be written from Berlin.

For good or evil, in peace and war, in industry, science, arts and culture, as an example for the melancholy and the potential richness of life in a metropolis, few cities have had a larger role in shaping the climate and events of our century. And for many of these years, as a student, journalist, in the army, in government and in a private capacity, I have been off and on, a part of it.

It started in May 1929, when a Dartmouth professor, knowing of my urge to do graduate work in Europe, said, "Go to Berlin."

Why Berlin — my German was fragile to nonexistent and I had not been especially attracted to the photographs in history books of Kaiser Wilhelm II, Von Tirpitz, Hindenburg and Ludendorff and the others in St. Petersburg, Vienna, Paris and London, all of whom stumbled into World War I. (Shortly after its outbreak, a former German foreign minister asked his successor, "How did it happen?" The melancholy answer was, "I wish I only knew" — an exchange worth remembering when we look at our world today.)

My professor gave me two reasons for Ber-

lin. "It has one of the greatest universities in the world (it was the time of Einstein, Planck and other Nobel laureates) and Berlin is the place where everything is going to happen."

I went to Berlin and by the time I left three and a half years later, a few weeks before Hitler came to power, everything was happening.

Soon after arriving in Berlin, I bought a first edition of Hitler's "Mein Kampf," written around 1923-1924. Friends said, "Why do you read that trash? He is mad and he will never come to power." It was all mad, but he came to power, put the criminal policies he

had outlined into effect, launched World War II and helped to break the world apart and Germany and Berlin in the doing. During the first years of success, a majority of German applauded. I saw too many cheering in the streets while the Nazi banners went by.

In the last years of the Weimar Republic before Hitler took over, Berlin was the avant-garde city of the world. It was the time of the world depression, with million unemployed in New York, Paris, London

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Technological Research Pushed

Economic Upturn Spurs Optimism

By Ferdinand Protzman

BERLIN — The winds of change have repeatedly swept across Berlin's economy, often carrying the seeds of destruction. War, blockade, division, political instability and isolation have wreaked havoc on Germany's former economic and political capital. But the most recent shift, toward economic growth based on the city's strengths in academic and private research, has spawned a generation of small companies and weakened cautious optimism about the future.

The hope that West Berlin's economy is moving toward more self-sustained growth with less government funding is tempered, however, by the realities of its political and geographic situation. West Berlin remains an isolated enclave, with an economy requiring about 8 billion Deutsche marks (\$4 billion) in government subsidies each year, amounting to 12 percent of its gross domestic product.

The consequences of Berlin's turbulent history remain major factors in its economic development, said Peter Ring, director of the Berlin department of the Deutsche Institut für Wirtschaftsforschung, one of West Germany's leading economic research institutes.

"Before the war, about one-third of Berlin's industrial production went to areas that are now part of the German Democratic Republic [East Germany]," Mr. Ring said. "Now, it's little more than one percent. About two-thirds of all industrial products go to the rest of the Federal Republic [West Germany]." He added that in 1936, over one-third of Berlin's foodstuffs and raw materials or semi-finished goods came from what is now East Germany, while today it is about 6 percent.

Loss of the capital also had disastrous effects, Mr. Ring said. Besides the numerous government ministries, Berlin lost its position as the dominant financial city, with headquarters of most of the big commercial banks and insurance companies, and its standing as the center for wholesaling, publishing and advertising.

The 25 years following World War II brought little relief, with political factors — the 1948 blockade, Khrushchev's ultimatum that the Allies leave West Berlin and the construction of the Berlin Wall, dominating all other developments.

In 1971, agreements between the four occupying powers and the two German states put an end to the era of political instability and gave hopes that reduced tensions would allow Berlin to regain its status as a center for East-West trade. Those hopes were never realized. Trade with East Germany expanded, but this was mostly due to increased deliveries of raw materials to West Berlin. Deliveries of goods and services to East Germany today have slipped back to pre-1970 levels.

Rather than renewed growth, heavy industry began to abandon West Berlin. Between 1970 and 1983, the city lost 110,000 jobs, and the gross domestic product grew at a sluggish annual average of 2 percent, compared with 2.8 percent growth in the rest of West Germany.

By the early 1980s, West Berlin's government and business community were faced with a dismal picture of low growth, high unemployment and rapidly diminishing expectations.

That began to change in 1981, with the election of a Christian Democratic city government headed by Richard von Weizsäcker, according to Kurt Kasch of Deutsche Bank Berlin, who heads the bank's venture capital business. Mr. Weizsäcker is now president of West Germany.

"It seemed we only had weaknesses. Because of the weakness of our location, we couldn't compete with the industries in the rest of West Germany," Mr. Kasch said. "Then, we realized we also had advantages. We had two universities and numerous technological research institutes. This was the technological background for research and development. It was dormant, but it was there. We decided to try and tap this potential, following the American example."

The example the city and business leaders had in mind was areas like Route 128 in Boston and Silicon Valley outside San Francisco.

But hopes tempered by city's political and geographic situation.

where the proximity of universities and research centers combined with venture capital to create dozens of new, largely high-technology industries.

But they realized that recreating such areas anywhere in West Germany would be difficult, given the differences in society and economic structure, and especially difficult in West Berlin because of its political and geographic situation, Mr. Kasch said.

"There isn't any word in the German language for entrepreneur," he said. There was also no tradition of venture capitalism to bankroll people with ideas. Most businesses wanted state subsidies or guarantees, along with the considerable tax breaks already given to companies operating in West Berlin.

"We had to fight the subsidy mentality," Mr. Kasch said.

To do so, Deutsche Bank Berlin, an independently operated subsidiary of Deutsche Bank AG, West Germany's largest commercial bank, set up a small venture capital group in 1983 with capitalization of 20 million Deutsche marks, Mr. Kasch said. Today, there are 11 such venture capital groups in the city.

But the government continues to play a strong role in financing new companies and many fledgling entrepreneurs complain that the banks are not willing to act as true venture capitalists, betting money on an idea.

"The banks really aren't pulling with us," said Norbert Schlimm, founder and general manager of Rob/ber GmbH, a West German robotics concern, established in 1983. "They play an overly-cautious role. One hears the

word 'risk' over and over again. Instead of looking at the possibilities for developing a product, they want to see written orders. In the U.S., venture capitalists accept the risks, they realize that not every company is going to make it big and that many will go bankrupt."

Mr. Schlimm is quite familiar with the "American model" having been European general manager for Unimation Inc. of Danbury, Connecticut, a leading robotics firm. Some of his former associates left Unimation several years ago to found a company in Silicon Valley and "raised \$9 million in start-up money from one day to the next," he said.

Mr. Kasch acknowledged that the venture capital groups have been extremely careful in spending money.

"We've made money and we've lost money," he said. "But I think it's important to see it as a learning process. Every year, we're taking another step forward, learning what it is to be involved in venture capital."

The 3 million Deutsche marks in seed money for Mr. Schlimm's company came from the Berlin government's innovation fund. The company produces palletizing robots, which take goods from a production line and stack them on pallets, eliminating a back-breaking task for workers. Sales in 1986 will total around 2.5 million Deutsche marks and the company has orders on hand totaling 40 million Deutsche marks, which should keep its 30 employees busy for the next year.

Finding employees has been an even tougher problem than financing, Mr. Schlimm said.

"It's very difficult to find qualified people," he said. "The universities and technical institutes are producing excellent new people, but they require about two years of training in industry. Getting experienced engineers, for example, is very difficult. They all want to go to the big companies like Siemens AG and Nixdorf AG, which aren't likely to go out of business. It's the West German security mentality."

There is also a psychological barrier caused by the city's isolation, said Hans-Georg Otto of Wirtschaftsförderung Berlin GmbH, a government-funded group set up to entice businesses to locate in West Berlin.

"There is a psychological barrier that has to be crossed," Mr. Otto said. "When we get a company to come to Berlin, employees initially look for reasons not to relocate with the firm. But once they come, they don't want to leave. The city has a culture and atmosphere you don't find elsewhere in Germany."

The jury is still out on Berlin's efforts to create a new breed of entrepreneurs and companies as the foundation for a more self-sufficient economy. But most observers see the chances as good. The picture is certainly brighter than it was in the recent past.

"The mood is positive now, and that is a major accomplishment," Mr. Ring said. "There is a new dynamism here. It's an increasingly lively city."

Despite the problems of setting up a new business, Mr. Schlimm agreed.

"In technological innovation," he said, "Berlin is a nose ahead of the rest of the Federal Republic."

Ferdinand Protzman is Frankfurt staff correspondent of the International Herald Tribune.

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A Mecca for Avant-Garde

Kreuzberg's Vibrant, Confusing Subculture

The only consensus is that the atypical is typical.

By Ferdinand Protzman

WEST BERLIN — A plump, gray-haired, elderly woman stands at the corner of Mehringdamm and Gneisenaustrasse in West Berlin, bundled up against the cold, carefully holding a package of cream-filled baked goods from a *Konditorei* down the block, waiting for the light to change.

At her side is a pale, scrawny man in his 20s, sporting a Day-Glo green mohawk haircut, set off nicely by black leather jacket and pants, both covered with shiny chrome studs. He is shuffling his green sneakers, sans socks, to his own beat and singing along. A wild crucifix and a piece of well-aged twine hang from one ear shake and sway in time to the music.

The walk light flashes green, the two step off the curb and collide. But the meeting of *Kuchen* and chaos ends with polite apologies, cream cakes intact and leather unsullied. Somewhere, amid vicious is having a convulsion.

It is a typical Tuesday morning in Kreuzberg, West Berlin's site of serious subculture and answer to New York's East Village.

Or is it? Opinions about Kreuzberg and Berlin's counterculture are as varied as the scene itself. The only consensus is that the atypical is typical.

"It's a zoo," said a young American professional who asked to be identified as Charlie. "It slurs mixed with boring art galleries and bad restaurants."

Art galleries, bookstores, used clothing shops and high-fashion "alternative" boutiques line the streets. Small theater companies abound and posters for upcoming performances wall-paper the area. Not everyone takes such a dim view of the culinary offerings. Kreuzberg has restaurants serving cuisine of almost every variety.

"Kreuzberg has the best whale steak in the world, but beyond that I hate it," said Marlene Roeder, a Bonn-based journalist who has traveled frequently to West Berlin. "I always feel like I'm in prison in that city."

The Berlin Wall marks the eastern boundary of Kreuzberg. Although it is covered with graffiti of every kind and color imaginable, it is a cold reminder that even the counterculture in

Berlin is physically isolated from the rest of West Germany.

"There are really two countercultures in Berlin," said Jürgen, a West Berlin journalist in his early 30s, while rolling a cigarette from a battered pouch of shag tobacco. "There's the official subculture and the counterofficial subculture. Kreuzberg has them both, but it's mainly the counterofficial subculture."

If that's not confusing enough, take a look at the music scene. The West Berlin city government has a rock commissioner, the only one in West Germany. Bernd Mehlitz is paid to take care of bands and their requirements. The former Dixieland Trombone player has the slogan "creative bureaucrat" on his office wall. But the bands are divided between those who accept assistance and those who do not.

Among Mr. Mehlitz's accomplishments are helping alleviate a chronic shortage of rehearsal space for rock bands by acquiring the cellar of a grain elevator, which is then rented to bands. The bands are marginally grateful, complaining that the cellar is cold and damp in the winter.

One of the focal points for the Kreuzberg subculture is the Mehringhof complex, a 5,000 square-meter (53,820 square-foot) former factory building at Number 2 Gneisenaustrasse. It was purchased on December 7, 1979, by a group of countercultural organizations headed by the *Schule für Erwachsenenbildung*, or School for Adult Education, which had formed a limited holding company for that purpose.

The entrance is an innocuous red-brick archway that is plastered with posters advertising upcoming gigs by bands such as the Blueberry Hellbellies, the Mighty Meats and ZeroVision.

About 30 organizations, ranging from the school and several theater troupes to a bicycle repair shop, have divided the space. A trip through the inner courtyards of the turn-of-the-century building is like a patchwork quilt of West Berlin's alternative scene.

In a ground floor room on one side of the first courtyard, a children's theater class is standing in a circle around their teacher, with arms extended over their heads, swaying from side-to-side like trees in the wind. The sound of someone slowly picking out jazz riffs on an electric bass guitar drifts down from the top floor of the five-story building.

Across the way, three young Turkish men are sitting in a classroom with a leftist political slogan emblazoned in red above the blackboard. They do not appear to be plotting revolution. The desks have been pushed aside to make room for a Ping-Pong table. Kreuzberg has a large Turkish community and some adult education classes at the Mehringhof are taught in Turkish.

The basement bookstore in the second courtyard is filled with off-beat works, many of them centered on leftist politics. The clerks are busy discussing how obvious the undercover policemen were at the demonstration Dec. 7 on the Kurfürstendamm. West Berlin's chic shopping street. West Berlin police estimated that about 600 people attended the largely peaceful



Some of the city's punk set relaxing in front of a bunker.

gathering, which was called to protest the killing of a French student by Paris police.

Asked how he knew the person in question was a policeman, one clerk reacted with amazement.

"Of course he was a cop. He had a big bulge under his arm where the gun was and he kept holding his backpack closer to us. I expected him to ask us to speak more clearly because he was trying to make a tape recording."

But viewing the West Berlin counterculture during the morning hours is like looking at London in the fog.

In the 1938 German film "Dance on the Volcano," one of the best-known songs began with the words, "the night isn't there only for sleeping," and West Berlin does its best to make that statement true.

The clubs, pubs and restaurants begin to fill up around 11:30 P.M. and many stay open until dawn, regardless of closing laws. Like Manhattan, West Berlin seems to have something for everyone, no matter how esoteric their tastes may be.

In fact, many young West Berliners say the only other city they could consider living in is New York.

"There is so much going on here," said a young woman, who is a part-time fashion model. "I don't think I could stand living anywhere else. The rest of Germany goes to bed at nine."

Where It All Happened

Continued from page 9

Berlin, everywhere. In Berlin, sallow men and women, without work and without support, stood disturbed, angry on the street corners or in the courtyards of broken down buildings, without hope, in despair. They provided the kindling for the Nazis and Communists, who fought each other, killed each other.

And yet there was another Berlin — to which many of the creative artists, writers, poets, producers, actors, painters, academics and scientists from northern, southern, eastern and western Europe were drawn. It was slightly off balance, every new idea had its chance, every absurdity its day. It was vibrant, energetic, dazzling.

Of that Berlin, Carl Zuckmayer wrote, "You had to be in Berlin to smell the future." And a Berlin rabbi, who had the luck to emigrate from Hitler's Reich, later wrote, "If one chose a city and a time where one wanted to live, it would be the Berlin of the 1920s."

That was the Berlin I came to, an innocent out of New Hampshire, by way of a two-day stand in New York. Within a few weeks I heard the Berlin Philharmonic, under First-waltzer, and in concert halls and at the opera, there were also Bruno Walter, Otto Klemperer and Erich Kleiber. There was Max Reinhardt in the theater. I heard Marlene Dietrich and have been tormented ever since. I sat in the cafes next to artists, bankers, philosophers, fanatics of the Right and the Left. I lived in the area that Liza Minnelli and "Cabaret" made famous years later. Down below on the street corners were strange ladies and even stranger men. I am glad to report they were resisted.

The university was exciting. The intellectual and social climate was intensive. Many of the students were more interested in politics than in studies. There seemed to be a Nobel laureate in every other seminar. No wonder that Johnny von Neumann, Leo Szilard, Edmund Teller, Raymond Aron and others came out of Prague, Budapest, Paris and everywhere else to study in Berlin.

One night our foreign students club staged its "annual" dinner — we had never held one before — in a seedy Berlin restaurant. As a lark, we had invited Einstein. He never answered, but that night, while drinking beer, I walked the great man and spent two hours with us. We were so overcome that none of us remembered what he said.

The Berlin girls, or some of them, turned one's head. I am glad to say that for more than 50 years one has been with me, proving that Berlin-American friendship did not start with the blockade and airlift in 1948.

In the U.S. Army, shortly after the end of World War II, one stood among the ruins of Alexanderplatz, Unter den Linden and Kurfürstendamm, shaken by memories, and I thought that the city would never be rebuilt. It was.

Women began to stack the bricks and stones (somehow historians seem to overlook the influence of women in history) and under such leaders as Ernst Reuter, a new, determined free West Berlin began to emerge.

The Berliners had learned the lessons of Hitler and they resisted a new totalitarianism from the East. It was their stand during the 1948-1949 blockade that softened feelings in Western Europe and in the United States about the Germans and led to the Atlantic Alliance.

WEST Berlin today is larger than one thinks — 25 miles (40.5 kilometers) across and long. Thirty-five percent of the city comprises lakes, rivers and forests. It is not New York, Paris, London or Rome, but there is something about the place; a spirit of atmosphere that takes hold and doesn't let go.

Here is the point where two world systems, divided by a brutal wall, built by the Communists, meet at Checkpoint Charlie. The wall, unfortunately, symbolizes the realities of our world. Here is Germany's most international and stimulating city, with more than 120,000 Turks, men, women and children from everywhere, a mixture of people, culture, ideas, architecture, ways of life.

Today, the city is a high-tech center with energetic young inventors and entrepreneurs backed up by more than a hundred scientific and other institutes and 90,000 university students from all parts of Germany and the world. Some of the industrial and scientific activity is in the tradition of the early part of the century, when Siemens, AEG and others were showing innovative leadership in electronics, automobiles and other industries.

In one of those institutes in the 1930s, Otto Hahn carried out, as he put it, "a nice little experiment" in which he split the nucleus of the atom (he was later surprised by the implications) and the word roared to Lisa Meitner, Niels Bohr, Einstein and finally President Roosevelt, who launched the Manhattan Project.

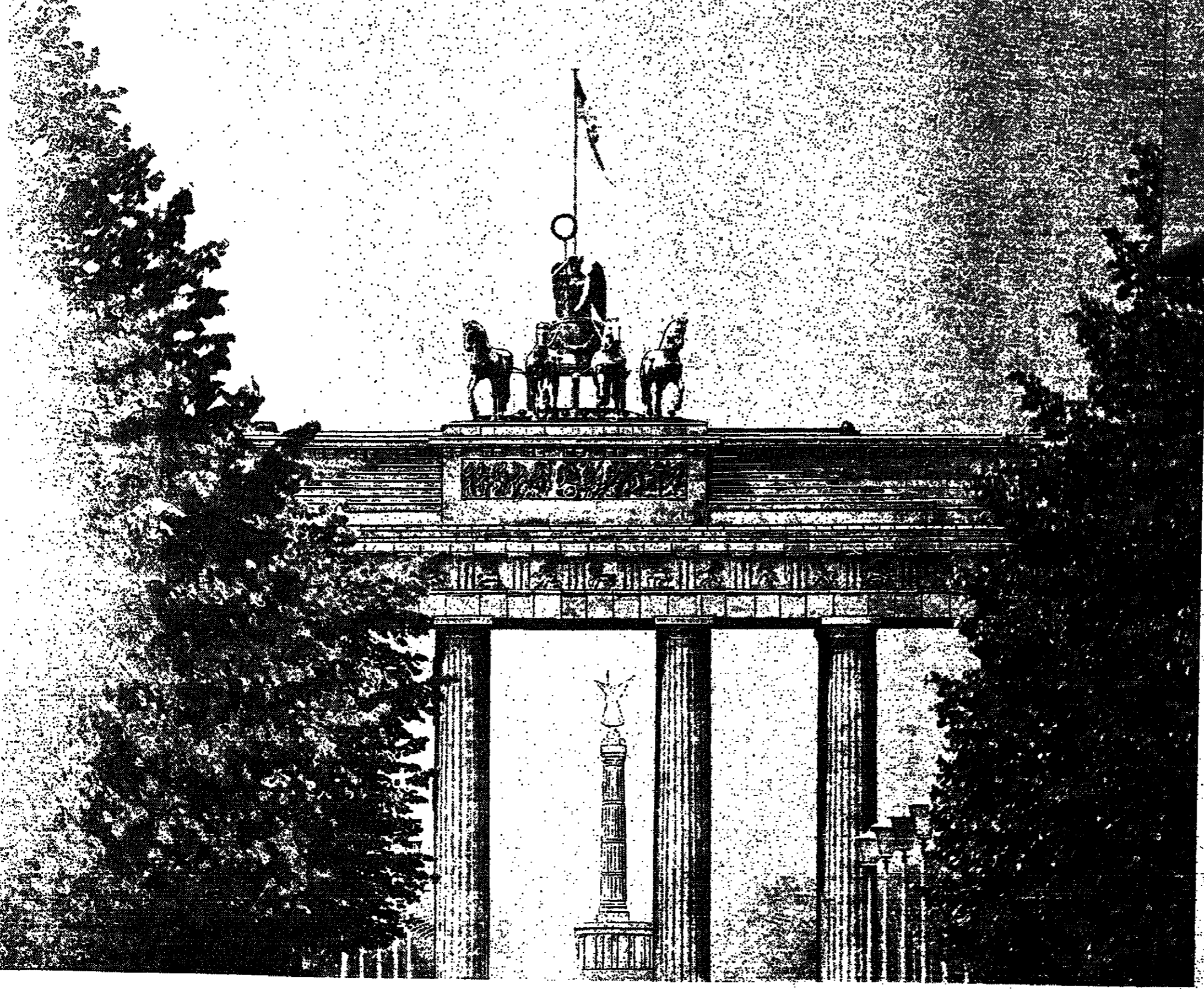
The city remains slightly mad, open to experiments some promising, some absurd. It is a hotbed of ideas where social, intellectual and other universal problems are anticipated, tried out, carried through or abandoned. Occasionally, the young like to demonstrate in the streets, sometimes for causes that are not always convincing. The avant-garde is comfortable here, anything goes and nobody seems to care. The situation is balanced by the Berlin Philharmonic, opera, museums, theaters and *Kneipen*. One wonders sometimes if the Berliners ever eat at home.

The Berliner is cynical, flippant, tolerant, sometimes abrasive but he can take and make a joke and he can be neighborly. The city has seen too much violence and breakage in the past for the Berliner to be romantic.

Next year, Berlin — the two Berlins — celebrate the 750th anniversary of the city's founding. Unfortunately, East Berlin will not open up the Brandenburg Gate and Potsdamer Platz to allow a free flow of people in both directions. Someday the wall will come down because East and West will learn, as they must, to live more tolerantly next to each other. It is a pity that I will not be around.

Berlin, for me, has been an adventure. Apart from the brutal Nazi years, I am grateful to it. The place, notwithstanding its problems, has a future. There is hope in the air.

Help Celebrate Berlin's 750th Birthday



My native city of Berlin will be 750 years old in 1987 and I would like to invite you to join us in our year-long celebration. Our historic cultural past has not been forgotten as we have become one of Europe's most advanced and exciting cities.

Special events will be taking place all year which reflect Berlin's historic and present place in the arts, music and entertainments. Berlin's museums and galleries are world famous and we have more than 20 stages for you to experience musical theatre at its best. And many of the celebration events will take place in both parts of Berlin so you will experience what makes Berlin so unique.

In 1987, Berlin turns on the celebration for Berliners and for you. Make sure your travel plans in 1987 include Berlin. We are looking forward to having you come and celebrate Berlin's birthday.

Eberhard Diepgen
Governing Mayor of Berlin

BERLIN TURNS ON

For more information on Berlin's 750th anniversary celebrations, contact your travel advisor or write to the Press and Information Office, VB, Rathaus Schöneberg, D-1000 Berlin, 62.

Handwritten signature or note at the bottom of the page.

A Precarious Enclave

Surface Normalcy Is Deceptive

By Henry Tanner

BERLIN—West Berlin is not a normal city in spite of the deceptive normalcy and variety of the many lifestyles of its inhabitants.

Forty-one years after the end of the war, the city is still under Allied military control. Even though their presence is hardly visible—except in the areas where they are quartered—the 12,000 American, British and French soldiers of the occupation forces remain the shield that guarantees protection against encroachment from the East.

The city's legal status still rests on the 1945 agreement between the four occupying powers even though cooperation between the Soviet Union and the Western Allies broke down in 1948, when the city was divided into an Eastern and single Western sector.

The first 20 postwar years were the crisis years. They saw the Soviet blockade and the Allied airlift of 1948-1949, the pressures and threats from Khrushchev in the early 1960s and the construction of the wall in 1961. In 1971 and 1972, the four powers signed a second set of agreements safeguarding Western access by air, road, rail and waterways and defining West Berlin's political links with West Germany. But the city's permanent status was not settled.

Since then, although this is one place where the Cold War has never stopped, there have been no outright Soviet or Soviet-led threats to the city's political and economic integrity—only periodic nibbles.

But West Berlin is not a part of West Germany. Its citizens do not take part in West German elections. It sends delegates to the Bundestag, the West German parliament, but they are named by the city parliament and not elected by the voters. In the Bundestag they take part in the debates but cannot vote.

Berlin thus remains a precarious Western enclave in Soviet-controlled territory. But it is neither a front-line bastion nor a real bridge to the East. And after the many years of relative calm, the need for the Allied shield is less evident than at any time since the end of the war. The challenge, now that the heroic postwar days are a distant memory—and for the younger generation not even that—is to live with the surface normalcy.

Inevitably, there are problems. It is not easy for a city of 1.7 million inhabitants to live in a permanently unsettled state, with its rights to self-government curtailed under a 41-year-old agreement between foreign powers.

Surprisingly, the tensions have been relatively few. One of the reasons is the discretion of the "occupying" powers. Another is the fact that the provisional status has been good for the city, which has prospered.

There have been demands for the Allied military to reduce their role. But even the leftist Alternative List, the Berlin equivalent of the West German Greens, favors a "token" Allied military presence even while demanding that the number of troops be drastically cut.

Mayor Eberhard Diepgen, when he took

office, asked for a revision of the more than 6,000 Allied laws and regulations that were passed with Soviet participation in the postwar years and continue to affect the lives of the residents.

Some of these laws are obsolete and irrelevant, and some have been weeded out in negotiations between Mr. Diepgen's legal experts and those of the three Western allies. But the

East-West balance in Berlin has lasted too long and the stakes are too high.

Soviet-Allied contacts in Berlin resemble a carefully rehearsed ballet in which the basic moves are never varied. Precedence going back to 1945 and 1971 is all that counts. "We are watching them and they are watching us; sometimes we protest one of their moves just because we know they expect us to and because

Berlin is neither a front-line bastion nor a real bridge to the East.

Allies are wary. They are reluctant to throw out any provision that was part of the initial four-power agreement with the Russians for fear that Moscow might one day say that the statute has been encroached to the point where it no longer exists or applies.

But such a frontal Soviet attack on the city's statute is considered unlikely. The precarious

silence could be misinterpreted," an Allied official said.

The American Consulate in West Berlin is the only U.S. representation abroad that does not "retire" its classified files after two years but keeps them indefinitely. Three to four historians are working permanently in the archives.



The 25th anniversary of the Berlin Wall was marked on Aug. 9 by protests in the western sector of the city.

750th Birthday Celebrations Reflect Political Division

Continued from page 9

Eberhard Diepgen, the governing mayor in West Berlin, has received two invitations from East Berlin, and one of the hottest political questions for the past months has been whether he will accept one or both—or none—of them. His decision, Allied and West German officials say, may have a bearing on the future of West Berlin and, hence, even on the security of Europe.

One invitation came from Mr. Honecker and asked Mr. Diepgen to attend the "state ceremony in Berlin, capital of the German Democratic Republic." The other, from East Berlin Mayor Eberhard Kraack, is for an international meeting of mayors from around the world.

Mr. Diepgen is consulting with Bonn and with the three Western occupying powers, now usually called protective powers, which are clearly apprehensive that he might do something that would weaken the city's basic legal status, on which its freedom has been resting for the last 41 years. Mr. Diepgen, clearly, is eager to attend some of the celebrations in the East.

But if he accepted Mr. Honecker's invitation, it could be interpreted as implied recognition of East Berlin to be the capital of the East German state. The West continues to regard the Eastern sector of the city as a part of the territory under four-power control by the Allies.

Other West German leaders, including Helmut Schmidt when he was chancellor and President Richard von Weizsäcker when he was governing mayor of Berlin, held meetings with Mr. Honecker. But those meetings were held outside Berlin and did not involve state cere-



The 210-foot Victory Column stands at the center of Grosse Stern or Great Star in Berlin. The Sieges-säule, as it is called, was raised in 1873 to commemorate the Franco-Prussian War and originally stood in front of the Reichstag.

monies although Mr. Schmidt's visit was an official one. The major Western powers, including the United States, have embassies in East Berlin but have consistently maintained that this is a practical step with no legal implications for the status of the "sector."

The invitation to the mayor's meeting is less problematical, according to West Berlin officials, but here, too, there are pitfalls. Can Mr. Diepgen, whom the West regards as the governing mayor of all of Berlin, accept an invitation of the mayor of the Eastern sector without implying that the East is a city in its own right? And what would happen if the hosts, with the help of attending Communist and Third World mayors, gave him the protocol treatment of a head of state rather than that of local and regional West German officials who will also attend?

Mr. Diepgen thus finds himself at the center of a potential international storm affecting basic East-West relations, as is the case of almost everything that happens, or does not happen, in this city.

The issues that he is pondering seem abstract and remote from everyday life. But they are far more than political theology.

The Berlin Wall will not come down during the celebrations, even though more Westerners and West Germans, by the millions, probably, will flock to the East than ever before.

Checkpoint Charlie, the most famous of the crossing points, has been refurbished. The 25-year-old temporary structures of wood and corrugated iron have been replaced by ominously permanent stone buildings suggesting a cross between a highway toll station and a military fortress, while a hundred yards or so away the finishing touches are being put to a lavish new Grand Hotel.

On the Western side, the wall is covered with graffiti in all imaginable colors. The inscriptions are in every known language, with German, Turkish and English prevailing in that order. The decorations range from children's scribbles to impromptu avant-garde art.

The East side of the wall is a deceptively pristine white, which owes nothing to decorative purposes but makes it easier for the border guards to pick off fugitives and shoot them down.

There have been several attempted escapes recently. One, late last month, caused a more than usual outcry in the West, partly because it came at a time when the invitation to Mr. Diepgen was being discussed and partly because the grizzly circumstances of the killing were watched from the West.

The would-be refugee, a young man in a white shirt, had reached the top of a ladder and his hands were gripping the top of the wall when he was hit by submachine-gun fire. He fell back inside the death strip on the Eastern side. A border guard, probably the one who had fired the fatal shots, rushed up and cursed the dying man. But another guard shouted his disgust and was disarmed and arrested. Witnesses living a few feet away on the Western side watched the scene through a crack in the wall.

A few days later, Mr. Honecker praised the border guards. His statement ended speculation in the West to the effect that the guards now had orders to shoot but to miss. The speculation had arisen after several cases became known of would-be fugitives being shot at but surviving. The belief now is that these cases were due to individual East German soldiers.

The possibility of a rash of escape attempts during the anniversary year is thought to be a major worry for Mr. Honecker. A series of killings at the wall in the presence of prominent visitors would spell disaster for his efforts to bolster the international prestige of East

Germany and give it the appearance of just another country. But it is something that Mr. Diepgen and other potential visitors also have on their minds.

Few East Germans will be able to see the displays and events in the West, except for the Japanese fireworks and, of course, the ample daily coverage by West Berlin television.

Yet, even though the dialogue between the two Germans has recently been in abeyance, reflecting a bad spell of tension between the government of Chancellor Helmut Kohl and the Soviet Union, there has been one notable improvement.

For the first time since the wall went up in 1961 large numbers of young and middle-aged East Germans are now able to visit the West for 10 days if they claim urgent family matters. In the past the right to visit relatives has been confined largely to men over 65 and women over 60.

More than 250,000 younger persons received permission to travel during the first 10 months of the year, according to West German officials. During the preceding years it was an average of about 60,000. Permission is never given simultaneously to several members of a family, and almost all the travelers have returned when their time was up.

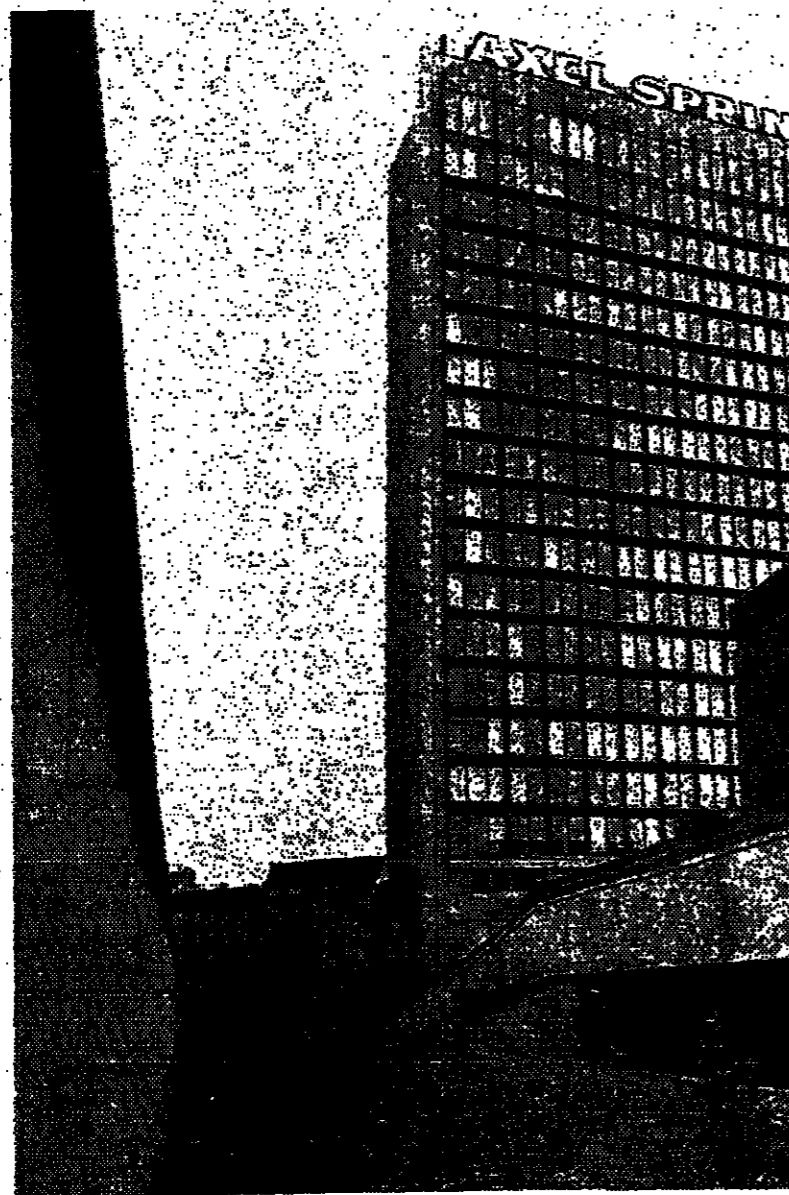
The number of East Germans allowed to emigrate to the West has not increased, however. It was about 20,000 last year.

Western officials can only guess at the reasons that prompted Mr. Honecker to ease the restrictions on temporary travel at a time when there are no signs of political liberalization in other fields. One informed guess is that the measure is a safety valve to relieve some of the political and psychological pressures on the eve of the anniversary celebrations.

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Trade Fairs and Congresses Berlin 1987

Excerpt

30.01.-08.02.	International Green Week Berlin 1987 Exhibition for the food industry, agriculture and horticulture
07.03.-12.03.	International Tourism Exchange ITB Berlin 1987
05.04.-03.05.	17th FBK Free Berlin Art Exhibition 1987*
25.04.-28.04.	New Businesses Meeting Berlin '87 Forum with Seminars and Exhibition
06.05.-08.05.	Compas '87 Integrated Information processing Congress and Specialist Exhibition
24.05.-29.05.	17th International Congress on Dermatology*
09.06.-13.06.	Medical Congress Berlin 1987* in conjunction with Pharmaceutical and Medico-Technical Exhibition
01.07.-04.07.	CAR '87 Computer Assisted Radiology International Symposium and Exhibition
24.07.-01.08.	14th International Botanical Congress*
10.08.-16.08.	VIII Suzuki Method International Conference*
28.08.-06.09.	International Audio and Video Fair Berlin 1987 and MediaForum Berlin '87
02.09.-04.09.	International Congress and Trade Fair MediaCom
30.09.-04.10.	25th Overseas Import Fair „Partners for Progress“ Berlin
14.10.-16.10.	SURTEC Berlin '87 International Congress with accompanying Exhibition for Surface Technology
14.10.-17.10.	büro-data Exhibition of the Office Industry Berlin '87
14.10.-18.10.	bautech berlin '87 Building Exhibition and Congresses modernization, preservation, design
25.10.-29.10.	XXIVth Congress of the EDTA - European Renal Association*
27.10.-29.10.	XVth Annual Conference of the EDTNA - European Renal Care Association*
10.11.-14.11.	BIG-TECH 1987*
28.11.-02.12.	ANTIQUA '87 Berlin 16th Sales Exhibition for Art and Antiques

As of December 1986. Subject to alterations.
*Enquiries will be passed on to the organizers.



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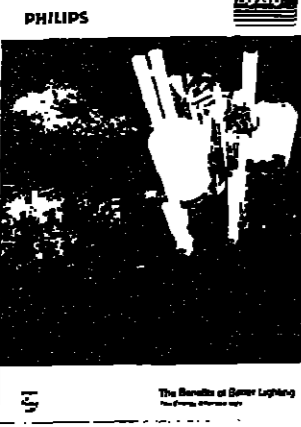
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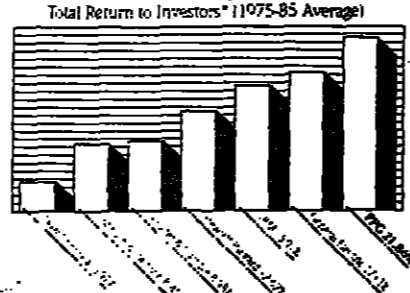
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IHT33

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Table of stock prices for various companies, including columns for 12 Month High/Low, Div., Yld., P/E, and Change.

Main table of stock prices for NYSE, organized by sector (A-Z) with columns for 12 Month High/Low, Div., Yld., P/E, and Change.

NYSE High-Lows

Table showing new highs and new lows for various NYSE stocks.

AMEX High-Lows

Table showing new highs and new lows for various AMEX stocks.

Handwritten signature or mark.

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Diversities	P. 24	Other markets	P. 24

daily in 12/15

Dow Industrials Up
10.55. Story on Page 8.

4 P.M.
PRICES
MIXED

TUESDAY, DECEMBER 16, 1986

Page 13

INTERNATIONAL STOCK MARKETS

Proposed Tax on Savings To Alter Japan's Investing

By CHARLES D. SHERMAN

International Herald Tribune

TOKYO — Trying to gauge the impact of sweeping proposals to change Japan's tax code, financial analysts are not ready to place bets on specific stocks or sectors of the economy, but they agree that over the coming months the new tax structure could be a powerful market force. Now in final preparation by the Liberal Democratic Party for parliamentary action early next year, the legislation will cut old taxes and impose new ones by nearly equal amounts. Experts can only guess at how the balancing act will affect what Japanese workers and corporations do with their money.

Though many details of the bill are undecided, a major element is a new 20-percent levy on previously tax-exempt savings accounts. Economists estimate that these funds, the board of Japan's small savers, amount to 268 trillion yen (\$1.6 trillion). The figure, for comparison, roughly equals the capitalization of the companies on Tokyo's stock exchange.

"The big thing the market has picked up on is the canceling of the tax-free savings."

A shift of such huge resources would profoundly alter Japan's financial world, analysts say. Some take the view that Japan's stock and bond markets could be the beneficiaries of a snowballing bonanza as a nation of savers discovers incentives in the new law to risk other investments.

"The most important point is that you can expect an outflow from savings," said Zenichi Ishikawa, general manager of Daiwa Securities' international corporate research department. "That kind of movement will affect the market."

If Japan's savings are unleashed by the law, the legislation promises "radical change," according to Noriko Hama, senior researcher at Mitsubishi Research Institute, a private economic think tank.

MISS HAMA also foresees a rising flow of savings into other financial assets when the law changes. "We think the impact will be considerable," she said. "It should enlarge the scale of the market and increase its volatility."

Craig Chandler, a stock market analyst for Merrill Lynch in Tokyo, agrees. "The big thing the market has picked up on is the canceling of the tax-free savings," he said. "It's the easiest part of the tax bill to understand. You can just see the money."

Under the current tax code, individuals are entitled to bank 3 million yen tax-free. But because tax authorities have had difficulty policing the system, the statute has been widely violated. People often open several accounts under different names. The new law is aimed in part at stopping the abuse.

One indication of the potential for a shift out of bank savings is the swift growth in the last year of Japanese trust funds, investment pools that have increasingly attracted small investors searching for higher returns than banks pay. Trust-fund assets reached 30 trillion yen at the end of November, having risen by 10 trillion yen since the end of last year, Mr. Chandler said.

A chief factor behind the trust-fund growth has been falling interest rates, reflecting the steady decline in Japan's discount rate to a postwar low of 3 percent.

Still, the investment broker said that pinpointing stocks or economic sectors that would benefit under the new code would be "guesswork." Political forces in the weeks leading up to a vote on the bill will be important in determining the winners and losers, he felt. "There's no stable picture."

Miss Hama saw an inherent contradiction in the proposed law. Dropping the exemption on savings, she said, might prompt the

Output In U.S. Up 0.6%

Rise Is Largest For 7 Months

The Associated Press

WASHINGTON — Production at U.S. factories, mines and utilities climbed 0.6 percent in November, the largest increase in seven months, the government reported Monday.

The Federal Reserve Board said that the November advance followed three months of decidedly weak performance. Industrial production rose only 0.1 percent in both October and August and was unchanged in September.

But even with the increase last month, industrial output was just 0.8 percent higher than it was a year ago, emphasizing the inroads made by foreign competition.

The Reagan administration is predicting that the economy will show a sizable rebound in growth next year, but officials concede that this forecast is based in large measure on the belief that the country's huge trade deficit will begin to shrink next year.

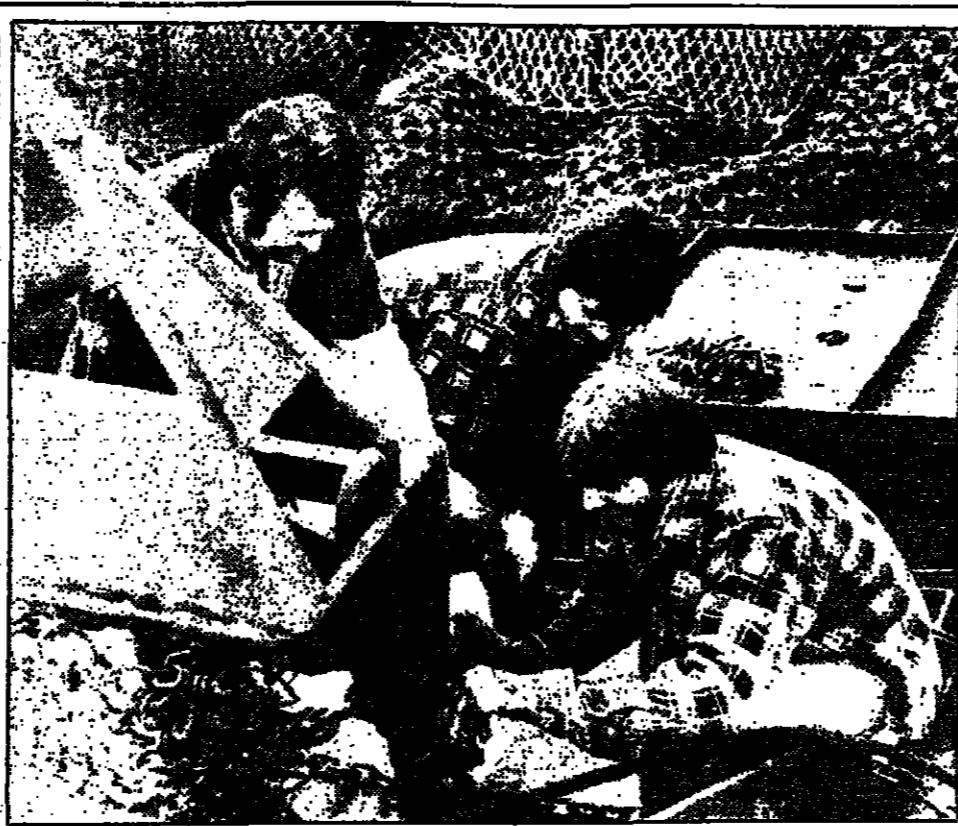
The November increase, which was the largest since a 0.8-percent advance in April, reflected widespread gains in various categories.

Industrial production at manufacturing plants climbed 0.7 percent with output of durable goods, items expected to last three or more years, rising by 0.6 percent, and production of nondurable goods up 0.8 percent.

The increase in manufacturing reflected sizable gains in the durable goods categories of metals, appliances, lumber and furniture. Production at the nation's utilities climbed 0.4 percent but output in the mining industry plunged 0.7 percent because of sharp cutbacks in the oil and gas industry.

Output of consumer goods was up 0.7 percent in November, the first gain since July. Autos were assembled at an annual rate of 7.3 million units, the same as October.

The report said that auto companies had scheduled higher production levels for November but had been forced to reduce those plans because of a strike at a parts manufacturing plant.



Nova Scotian fishermen repairing a scallop 'rake' aboard a trawler.

Big Oil vs. Nova Scotia's Fishermen

'Nothing to Gain and All to Lose,' They Inform Texaco

By Douglas Martin

New York Times Service

SHELburne, Nova Scotia — The lines etched in the faces of some 75 fishermen gathered here testified to the punishing weather in which they have long worked. The anger in their voices reflected a new threat — Big Oil.

While the world's oil industry has stalled, Texaco Canada Resources Ltd. is proposing to drill two wildcat wells in the Canadian portion of the offshore Georges Bank about 130 miles (208 kilometers) south of Yarmouth, Nova Scotia.

The wells, the Gowler and the Hunky Dory, would be drilled at a cost of \$32 million (43.8 million Canadian dollars) and would represent one of the few new exploratory efforts anywhere in the current price-depressed environment. To hear the views of fishermen, representatives of the Canadian unit of Texaco Inc. came to this thriving village.

The message was clear: Any jobs or economic benefits would pale before the risk an oil spill would pose to the rich scallop and lobster fisheries. Oil companies, the fishermen clearly implied, were amoral predators propelled by inertia or greed, since the world is already awash with unneeded oil. "We've got nothing to gain and all to lose," said Blantford Nickerson, a rough-talking captain

whose grandfather died fishing the Georges Bank. "I don't think there's any need for any more oil for awhile," a lanky man in a flannel shirt suggested.

"How are you going to deal with someone bigger than yourself?" asked Eugene Rennehan, who has fished the bank for 44 years. "They make the deals and they take what they give you."

The Texaco representatives did not dismiss the fishermen's complaints. Indeed, they readily admitted that they could provide no guarantees other than the industry's overwhelmingly safe performance in drilling offshore for four decades.

But the oil men did argue that if oil is struck, it may become sorely needed in the five to seven years it would take to develop the field. The government has suggested that Canada, now self-sufficient in oil, may be importing some 500,000 barrels a day if present production and consumption trends continue. Each barrel contains 42 gallons (159 liters).

As such, the discussion here mirrored the one in the energy states when Presidents Gerald Ford and Jimmy Carter tried to pit the national interest in energy supplies against New England's environmental and fishing concerns. Not until Pres-

See DRILLING, Page 16

Chemical to Buy Texas Bank for \$1.19 Billion

By James L. Rowe Jr.

Washington Post Service

WASHINGTON — Chemical New York Corp. and Texas Commerce Bancshares of Houston announced Monday that they have agreed to merge in a transaction valued at \$1.19 billion that will produce one of the biggest bank combinations in the United States.

Texas Commerce, like many other Texas banks, has been hit hard by the decline in oil and gas prices, and, more recently, by a collapsing real estate market.

But Texas Commerce's loan portfolio is considered to be in far better shape than those at many other large Texas institutions. Texas Commerce has been considered among the more attractive takeover candidates in the troubled state.

Earlier this year the Texas legislature changed the law to permit out-of-state banks like Chemical to take over Texas institutions.

A spokesman for Chemical said that the merger was not expected to be completed until sometime in the second quarter of 1987. It must be approved by shareholders from both institutions and the combination also will require the assent of the Federal Reserve Board and other regulatory agencies.

Chemical, the nation's sixth biggest bank company whose flagship is Chemical Bank, has assets of about \$36 billion and has branches and affiliates in 22 states and 38 foreign countries. Texas Commerce has nearly \$19 billion in assets.

Their combined \$75 billion in assets would create the fifth-biggest U.S. bank company behind Citicorp, BankAmerica Corp., Chase Manhattan Corp. and Manufacturers Hanover Corp. and about equal to J.P. Morgan & Co.

Texas Commerce is the holding company for 70 member banks in 28 markets throughout Texas. In February, the Treasury Department imposed a \$1.9 million penalty against Texas Commerce for failing to report large currency transactions.

In the quarter that ended Sept. 30, Texas Commerce reported a steep decline in profits to \$10.1

million from \$21.4 million the previous quarter.

Under terms of the merger agreement, each share of Texas Commerce stock will be exchanged for \$7 in cash, securities with a face value of about \$16 and one share of a new issue of Chemical Class B common stock.

Chemical shares were down \$1.50 at \$42.875 on the New York Stock Exchange at 3 P.M. Monday. Texas Commerce was up 50 cents at \$27.

Walter V. Shipley, chairman of Chemical, said Texas Commerce was a good acquisition because its loan problems are "containable. It is a well-managed institution in a difficult economic environment," Mr. Shipley said.

Ben Love, chairman and chief executive officer of Texas Commerce, said the merger will give his bank "a significant competitive edge by being the first Texas bank to diversify so broadly."

Wallich Resigns As a Governor On Fed Board

Reuters

WASHINGTON — The Federal Reserve Board said Henry C. Wallich resigned as a member of the board of governors on Monday due to poor health.

Mr. Wallich was the second member of the seven-person board, which sets monetary policy and regulates banks, to announce his departure recently. On Oct. 2, Emmett Rice resigned effective Dec. 31.

Mr. Wallich, 72, was the senior member of the board in years of service, having been appointed by President Richard M. Nixon in March 1974.

When President Ronald Reagan names the two replacements he will have appointed all seven governors.

Saudis Offer 7.25% Cut In Oil Output to OPEC

By Andrew Hill

Reuters

GENEVA — Saudi Arabia put forward compromise proposals on Monday in an effort to make progress in talks by the Organization of Petroleum Exporting Countries on raising world oil prices, but rivaling between Iran and Iraq threatened an accord, delegates said.

They said that the new Saudi oil minister, Hisham M. Nazer, in his first major initiative at the OPEC conference, proposed that the group reduce its oil output by about 7.25 percent next year to tighten the market and achieve its goal of a price at \$18 a barrel.

The OPEC meeting, in its fifth day, has been stalled since Friday over how far it should cut overall output by the cartel and by unanimity at the conference table between Iran and Iraq, which are at war, over their individual production quotas.

Some radical nations, including Libya and Algeria, back a 10-percent output cut to push prices as

high as possible, but moderates say 5 percent would suffice.

A ministerial session planned for Monday morning was abruptly postponed to allow member states to study the Saudi initiative and find a way around the Iran-Iraq dispute. Delegates said they did not expect a full ministerial session to be held unless there was a firm prospect of agreement.

News of the Saudi scheme was taken positively in the free oil market where traders marked up prices for Britain's key Brent grade by 35 cents a barrel to about \$16.10.

It was the first time that Mr. Nazer, replacement for Sheikh Ahmed Zaki Yamani, who was dismissed in October, had disclosed the Saudi position at the talk.

Saudi Arabia had been saying that it could not be expected to make further sacrifices for OPEC. Its output, the group's biggest, has fallen by more than half in recent years when it led OPEC attempts to keep prices relatively high and stable.

EMS Likely to Be Realigned By Spring '87, Report Says

Reuters

KIEL, West Germany — The European Monetary System probably will be realigned by spring 1987 because of the continuing large discrepancy in inflation rates among its members, the Kiel Institute for World Economics reported Monday.

However, the institute predicted that the realignment would be limited. West Germany will seek to avoid damage to its exports, the report said, while other members of the monetary system try to avoid importing inflation.

The Deutsche mark is therefore not likely to be significantly revalued in 1987, the report said.

The EMS is the mechanism used by many leading members of the European Community to maintain fixed exchange rates against each other and a floating rate against outsiders.

The institute forecast that West German exports would rise by about 3 percent in 1987 after virtually stagnating in 1986 as the Deutsche mark rose sharply against the dollar.

The report's predictions for 1987 were based on the theory that the import demand in oil-producing countries will stop declining now that oil prices have stabilized.

Most other industrialized countries can expect strong economic growth next year, the institute said, which also will boost West German

exports, especially to Western Europe.

The institute said that West German exports had developed less favorably in 1986 than originally predicted because of the unexpectedly sharp revaluation of the Deutsche mark.

Another factor hurting West German exports was the fiscal measures adopted by many Western countries, which erased some of the purchasing power derived from cheaper oil prices.

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Currency Rates

Cross Rates	Dec. 15
Australian	1.3785
British (sterling)	1.6300
Canadian (Cdn)	1.2500
French (franc)	6.5596
German (DM)	1.9363
Italian (Lira)	2036.27
Japanese (yen)	163.60
Swiss (franc)	1.4548
U.S. dollar	1.0000

Other Dollar Values

Currency	Rate
Argentine peso	1.3785
Australian dollar	1.3785
Belgian franc	40.3399
British sterling	1.6300
Canadian dollar	1.2500
French franc	6.5596
German DM	1.9363
Italian Lira	2036.27
Japanese Yen	163.60
Swiss franc	1.4548
U.S. dollar	1.0000

Interest Rates

Key Money Rates Dec. 15

Instrument	Rate
1-month T-bill	7 1/8
3-month T-bill	7 1/4
6-month T-bill	7 1/4
1-year T-bill	7 1/4
1-month CD	7 1/8
3-month CD	7 1/4
6-month CD	7 1/4
1-year CD	7 1/4

U.S. Money Market Funds Dec. 15

Fund	Assets	Yield
Mutual Shares	\$1.2B	7.1%
Money Funds	\$1.5B	7.2%
Money Market Funds	\$1.8B	7.3%

Gold Dec. 15

Market	Price
London	\$340.00
New York	\$340.00
Paris	\$340.00
Zurich	\$340.00

West Germany Dec. 15

Instrument	Rate
1-month T-bill	7 1/8
3-month T-bill	7 1/4
6-month T-bill	7 1/4
1-year T-bill	7 1/4
1-month CD	7 1/8
3-month CD	7 1/4
6-month CD	7 1/4
1-year CD	7 1/4

To Our Readers
Because of a strike at Agence France-Press, World Stocks listings are incomplete. We regret the inconvenience.

BUSINESS ROUNDUP

Cannon Secures Extension on Debt

Compiled by Our Staff From Dispatches: NEW YORK — Cannon Group Inc., the troubled independent film producer and distributor, secured an extension Monday as a deadline arrived on a \$76 million debt payment to Bond Corp. Holdings Ltd.

Cannon and Bond Holdings announced jointly they had reached an agreement to extend the deadline on Cannon's debt payment to Friday, as well as the conversion of \$30.6 million of the debt into four-year senior subordinated notes.

Bond Holdings had warned last week in documents filed with the U.S. Securities and Exchange Commission that it might request immediate payment on a \$30.6 million note if Cannon failed to make the \$76 million payment Monday.

Cannon said Monday it also was granting 500,000 warrants to Bond to purchase its common stock at \$16 a share. If the payment is made Friday, Bond said it would grant Cannon certain distribution rights in Australia.

The debt payment is only the latest in a series of problems that has plagued the company. The SEC is formally investigating Cannon's accounting methods, and some shareholders have filed suit charging the company with overstating its sales and earnings and violating securities laws.

Moreover, none of the company's recent films have done well at the box office, including its latest release, "Firewalker." Cannon, which earned \$15.2 million on sales of \$150.8 million last year, posted a loss of \$14.5 million on sales of \$77 million for the third quarter.

Cannon's overall debt totals about \$430 million. To raise cash, the company is offering to sell Commonwealth Theaters Inc., the nation's sixth-largest theater chain, after having paid \$25 million for the company in May. Analysts' estimates on the probable sale price range from \$19 million to \$55 million, depending on the timing.

Despite the turmoil, the company and its chief executives, Yoram Globus and Menahem Golan, have supporters in the investment community who believe that Cannon will spring back.

Cannon has ordered a special audit of its nine-month results by Arthur Young & Co., which recently replaced the firm of Mann Judd Landau as Cannon's accountants. (Reuters, NY)

Swedish Bourse To Investigate Fermenta Value

STOCKHOLM — Bengt Ryden, chairman of the Stockholm stock exchange, said the bourse would investigate the biotechnology group Fermenta AB, whose entire board offered to resign on Saturday after auditors questioned the company's financial results.

"The bourse will immediately carry out an investigation of Fermenta's economic position," Mr. Ryden said in a statement.

Fermenta's main owner and chief executive, Refaat el-Sayed, is committed to paying debts of 554 million kronor (\$79.5 million) to the investment firm Industrivarden Group in the next few days.

The stock exchange has suspended trading in shares of Fermenta and Industrivarden.

U.S. Bank Association to Form Insurance Firm

By James L. Rowe Jr. Washington Post Service

WASHINGTON — The American Bankers Association has announced that it has formed an insurance company offering its 12,000 member banks both liability insurance for directors and officers and bond protection against employee fraud.

The organization, the most important trade association in the banking industry, said on Saturday that it decided to set up its own insurance company because of rising premiums for insurance protection and because of the declining number of companies willing to provide coverage.

Mark W. Olson, president of the association, cited the case of one banker whose premiums as a director and officer rose from \$1,867 in 1984 to \$19,720 last year.

Many types of insurance have become more expensive, and sometimes unavailable, in recent years because of large losses at a number of major property-casualty insurance companies.

A number of groups and companies have formed their own insurance companies to underwrite their own liability protection because of the difficulty and expense of obtaining the insurance from property-casualty companies.

For example, after Employers Insurance of Wausau canceled its policy for bank directors and officers in early 1985, BankAmerica Corp., the second-biggest bank company in the United States, set up its own insurance subsidiary in the Cayman Islands.

A spokesman for BankAmerica said the company decided a "captive" company would provide better terms than the insurance options then available.

A captive insurance company is one that is established by, and provides protection for, the company or industry group that set it up.

The U.S. League of Savings Associations, the major savings and loan association trade group, has set up its own insurance company.

The American Bankers Association company will begin issuing policies next month that will be effective Feb. 1. It will be a mutual company, owned by the banks that buy directors' and officers' insurance or employee bonds.

Insurance for directors and officers protects them from claims by shareholders or others that allege losses are due to mismanagement.

The insurance that protects the bank against losses because of employee dishonesty is called a blanket bond or financial institution bond.

The association said Progressive

Corp., an Ohio-based insurance holding company, will be responsible for the underwriting decisions "based upon guidelines approved by the captive's board of directors. Progressive will also handle claims adjustment."

The directors will mostly be bankers. The board will be chaired by Ronald R. Gossen, the chief executive of Michigan's FMB-Lumberman's Bank who headed the task force that investigated whether the association should set up a captive insurance company. The captive will be in Bermuda for tax reasons, the ABA said.

Donald G. Ogilvie, the executive vice president of the ABA, said the coverage will be similar to that which is available in the private market, although premiums should be lower.

He said the premiums should have several cost advantages over private insurance companies. There will be no commissions, which average 15 percent to 18 percent, and the premiums will have to cover only estimated future losses.

The initial policy limits will be \$2 million for directors and officers and \$3 million for employee-dishonesty insurance.

Lear Siegler Plan To Fight Takeover To Be Reinstated

Los Angeles Times Service SANTA MONICA, California — Lear Siegler Inc., an aerospace and manufacturing conglomerate that is fighting a \$1.5 billion takeover bid by AFG Partners Inc., has reinstated a shareholder rights plan to fight the bid.

The company said that its board of directors agreed to reinstate the plan that originally had been canceled in order to merge with Wickes Cos. But the retailing conglomerate abandoned its \$1.7 billion merger agreement with Lear Siegler last Tuesday because it had trouble obtaining financing.

The strategy, agreed to Friday by the board in a telephone vote, is intended to discourage unfriendly takeovers by making the company much more expensive. Lear Siegler said the move would give its shareholders the right to purchase common stock of either Lear Siegler or of any company that acquires it at half the market price. The plan would also create a new class of preferred stock valued at \$15,500 a share.

COMPANY NOTES

Broken Hill Pty. has formed a venture-capital limited partnership with Advent International Corp. of the United States with an initial commitment of about \$15 million. The U.S.-registered partnership has BHP as the only limited partner, providing 100 percent of the investment funds.

Cie. de Saint-Gobain's stock offer by the French government, the first of a planned series of denationalizations, was oversubscribed 14 times. The Finance Ministry said the offer had drawn bids for 275 million shares in France, 14 times the 20.16 million shares offered domestically at 310 francs (about \$47) each.

Elektrowest AG is selling its majority stake in Continental-ET-Enterprises, a French company, to Saigmag SA and Harwanne SA. Elektrowest said the price was 280 French francs (\$43) a share worth a nominal 100 francs, but gave no further details.

Investcorp, the Bahrain-based investment banking

corporation, said its offer of 200 million 25 cent common shares was substantially oversubscribed. The offer will raise shareholder funds to about \$120 million at the end of 1986 from \$59 million in the previous year.

Swire Properties Ltd., a wholly owned subsidiary of Swire Pacific Ltd., has sold a 16-story office building in the Kowloon district of Hong Kong for 110 million Hong Kong dollars (about \$14 million), or 1,200 dollars a square foot (89 square meters). Swire said that Come Well Investment Ltd. had bought the building as a long-term investment.

TMOC Resources Ltd., the Australian oil and gas group, has urged shareholders to reject a takeover bid of 2.55 Australian dollars (\$1.68) a share by Elders Resources Ltd., saying it grossly undervalues the shares' value. Elders holds 19.9 percent of the 61.92 million issued shares in TMOC.

All of these securities having been sold, this announcement appears as a matter of record only.

\$50,000,000



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December 1986

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Hollandsche Bank-Unie N.V. Morgan Bank Nederland N.V. Nederlandse Credietbank N.V. Nederlandsche Middenstandsbank nv CLN Oyens & Van Eeghen N.V. Bank Van der Hoop Offers N.V. Rabobank Nederland F. van Lanschot Bankiers N.V. Amstgeld N.V.

December, 1986

To Our Readers

Because of technical difficulties, the Commodities column is not available today. We regret the inconvenience to readers.

BUSINESS LISTS FROM YELLOW PAGES IN USA

Need a List or Making Labels for any Yellow Page Category in U.S.A.? Write for our free catalog American Business Directories, Inc. P.O. Box 27342 Dept. #7875 Chicago, Illinois 60627 U.S.A. Phone (402) 231-2168 TELEF 510-107-3800 (402)

THE Audemars Piguet ROYAL OAK. NOTHING CAN EQUAL THE ORIGINAL.



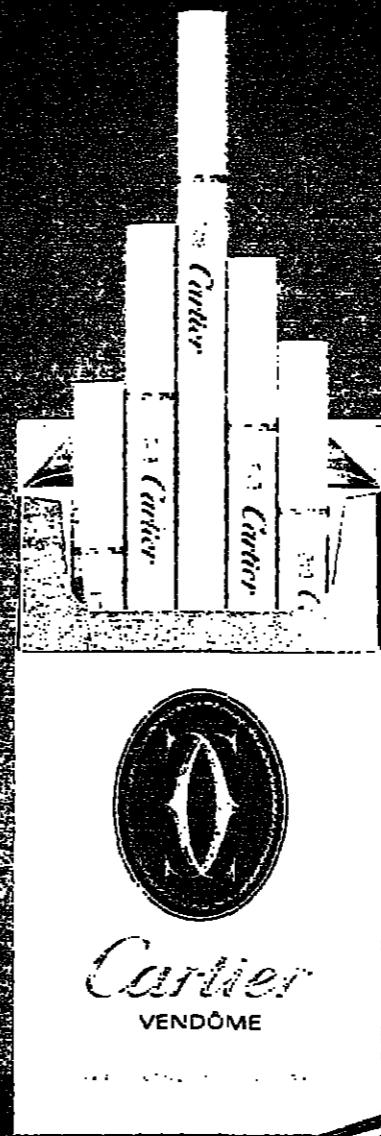
The Royal Oak: One of the greatest designs of the 20th century

O.J. PERRIN

Leathers

PARIS: 33, avenue Victor-Hugo - 8, rue Royale - Aéroport Charles de Gaulle GENEVE: 08, rue du Rhône CANNES: 6, la Croisette MEGÈVE: Hôtel Mont-Blanc CRANS-SUR-SIERRE: Les Trois Vétérans

le mut de Cartier



PEARL TIPPED LUXURY SLIM CIGARETTES

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 15 Dec. 1986

Table of international fund quotations including categories like AL ALM MANAGEMENT, BALANCE INDONESIAN, and various regional and global funds with their respective prices and changes.

DRILLING: Fishermen in Nova Scotia Consider Big Oil a Major Threat

(Continued from first finance page) dent Ronald Reagan's term was the American Georges Bank drilled. Oil companies might wish today it had never happened. They drilled eight dry holes at a cost of more than \$1 billion.

Floating-Rate Notes

Table of floating-rate notes with columns for Issuer/Note, Coupon, Maturity, Bid, and Ask prices.

Foreign & Colonial Reserve Asset Fund

Table for Foreign & Colonial Reserve Asset Fund showing prices for various asset classes like U.S. Dollar Cash, Sterling Cash, etc.

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Everything in gold. In the Canary Islands, the sunsets make what's already exotic, even more attractive.

From bank to bank, the beauty of dusk, Below the "ria" of Vigo.

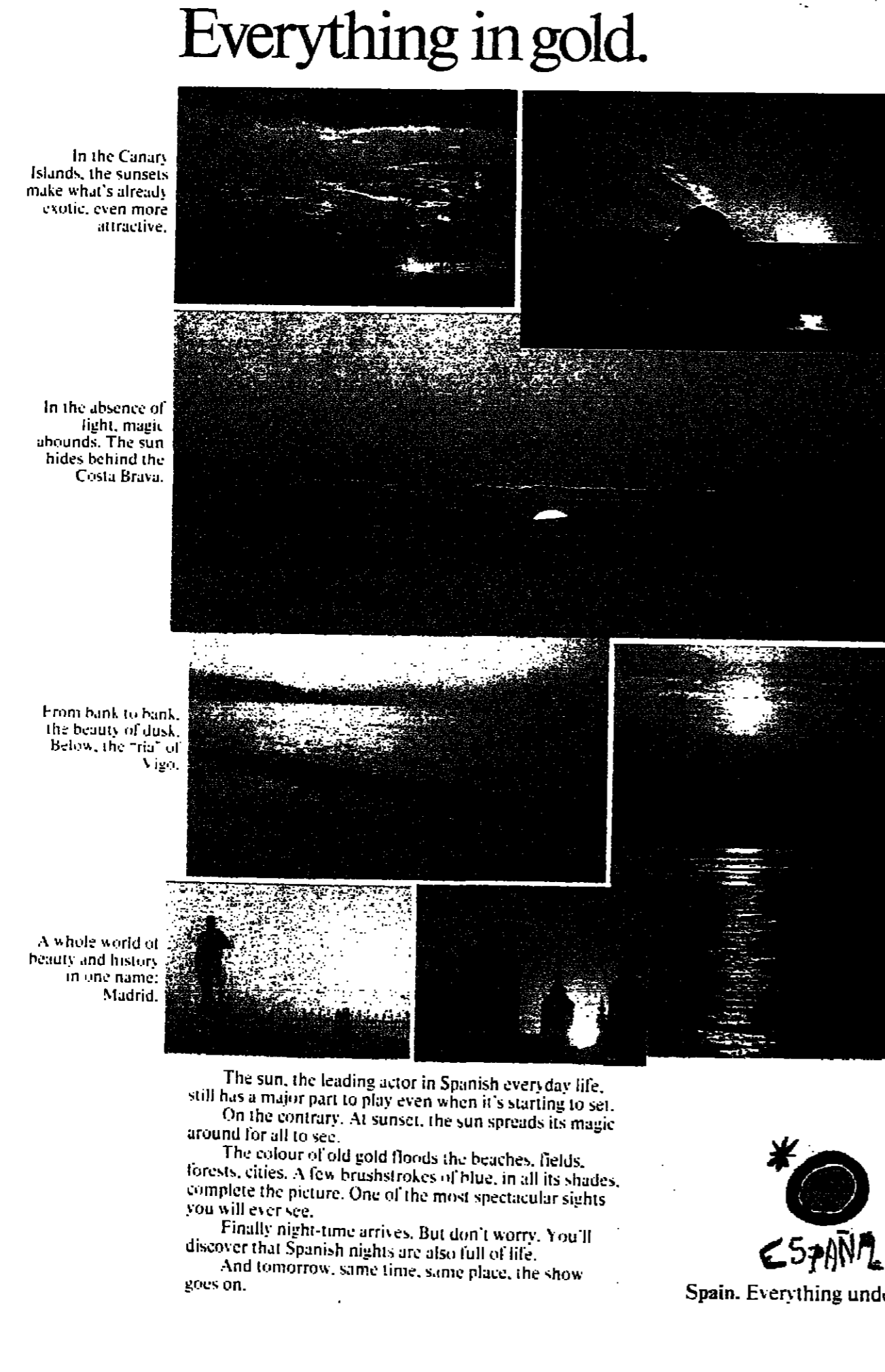
The coast of Málaga. Andalusian and sunny by day. Seductive in the evening. At night there's no substitute.

Nature blended with art, with a small Castilian town as the backdrop.

Spain. Everything under the sun.

DM - Deutsche Mark; BF - Belgium Franc; FL - Dutch Florin; LF - Luxembourg Franc; ECU - European Currency Unit; SF - Swiss Franc; s - gold; f - Other Prices - bid change...

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.



Spain. Everything under the sun.

Table of international fund quotations in Pounds Sterling and Deutsche Marks, including categories like Abbey, Alliance, and various regional funds.

CURRENCY MARKETS

Dollar Ends Mixed in N.Y., Europe

NEW YORK — The dollar and yen mixed Monday in both New York and Europe. The U.S. unit climbed in New York to 2.0165 Deutsche marks from 2.0090 DM Friday...

London Dollar Rates

Table with columns: Currency, Rate, % Change. Includes Deutsche mark, Swiss franc, French franc, etc.

Although optimism about the outlook for oil prices was the main factor behind the gains, that was mixed with some doubts about the ability of Iran and Iraq to agree to each other's role in any agreement.

JAPAN: New Tax Watched

(Continued from first finance page) Japanese to save even more. "The Japanese still have to fend for themselves when it comes to retirement and paying for education."

TRADE: Yen's Rise Won't Slash Surpluses, OECD Says

(Continued from Page 1) rather than domestic customers as Japanese manufacturers strive to keep the yen's appreciation from pricing their goods out of foreign markets.

THE EUROMARKETS

Prices Lower; Trading Quiet on OPEC Concerns

By Christopher Pizzey. LONDON — The Eurobond market generally ended easier Monday after a very quiet day's trading. Most operators appeared to remain reluctant to open fresh positions...

U.S. Auto Sales Increase

There were nine selling days this year, compared with eight last year. So far in 1986, the companies have sold 7.73 million cars, down 1 percent from the nearly 7.8 million sold in the 1985 period.

U.S. Auto Sales Increase

DETROIT — U.S. automakers reported Monday a 5.3-percent gain in sales on a daily-rate basis for Dec. 1-10 over the same period a year ago.

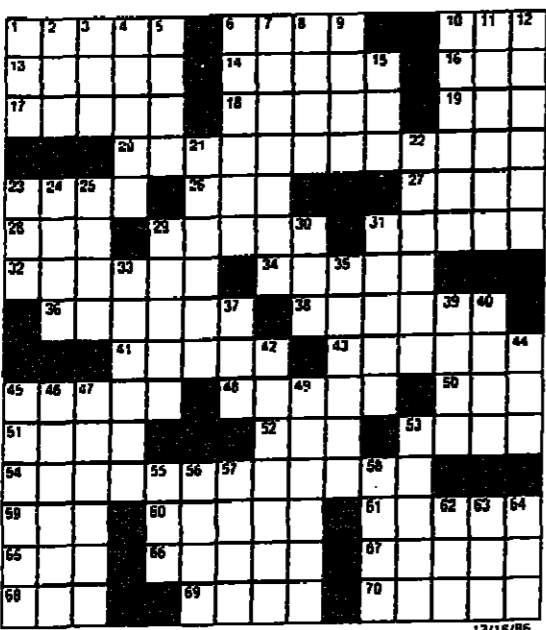
Monday's OTC Prices. NASDAQ prices as of 4 a.m. New York time. Via The Associated Press.

Main OTC market data table with columns: 12 Month High/Low, Div. Yld., % Change, etc. for various stocks.

Main OTC market data table (continued) with columns: 12 Month High/Low, Div. Yld., % Change, etc. for various stocks.

Monday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Continued AMEX closing data table with columns: 12 Month High/Low, Div. Yld., % Change, etc.



ACROSS

1 Doc
6 Rough cliff
10 Dnepr feeder
13 Manassa Mauler's mallet
14 Had the flu
16 Altar on high
17 Chapeau
18 Mutt's manuscript
19 Just out
20 How Wolfe's "The Hills Beyond" was published
23 Picket part
26 Whence Tway drives
27 Cyrano's large feature
28 Hubbard
29 Egret's tyn quene
31 Three-minute egg id
32 Advertising medium
34 Kind of card
36 Gallyvanted
38 Abhor
41 Prospectors' dreams
43 Kind of card
45 "A Day at the" Marx Brothers film
48 Takes it easy

DOWN

1 The Bard's tiny quene
2 Before, to Byron
3 German article
4 Klutzzy
5 Roman censor
6 It's not a big wheel
7 Most opulent
8 Matty of baseball
9 Bacterium
10 O. Henry's "The" of Red Chief

11 Ultimatum phrase
12 Finn's friend
15 "— gratias!"
21 Looked, as a tourist
22 Weds
23 Kid stuff? shop
24 Redolence
25 Medocre
29 They fly around offices
30 "I've been"
31 Young ones
32 Kind of scout
35 Make new blueprints
37 First U.S. state
39 Let it stay
40 Tropical tuber
42 Movies' Maizie
44 Kind of rug or dog
45 Meal
46 Does penance
47 Tring term
48 What tenants sign
53 Flower part
55 Common abbr.
56 Roentgen discovery
57 Pickle
58 "... but not forgotten"
62 Obstetrician's guess? Abbr.
63 Deserter
64 Ginger chaser

© New York Times, edited by Eugene Malachuk.



"I WAS MAKING A LIST FOR SANTA, BUT THEN I DECIDED IT WOULD BE EASIER JUST TO ASK FOR EVERYTHING."

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles. One letter to each square, to form four ordinary words.

LOTEX
ALLIV
WEGNIT
HALTEL

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

ANSWER: A CURTAINS

Yesterday's Jumbles: BRIAR KNAVE ACCESS TROUGH
Answer: What is for the Peeping Tom when he was caught looking through an open window—CURTAINS

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Athens	16	11	Samsark	11	7
Amsterdam	14	10	Bangkok	26	22
Paris	12	8	Beijing	11	7
London	11	7	Hong Kong	22	18
Madrid	14	10	Moscow	1	-3
Frankfurt	11	7	Manila	27	23
Brussels	11	7	Seoul	4	0
Geneva	11	7	Taipei	24	20
Zurich	11	7	Singapore	27	23
Stockholm	11	7	Calcutta	27	23
Oslo	11	7	Delhi	27	23
Cairo	22	18	Colombo	27	23
Algiers	18	14	Yokohama	11	7
Tripoli	18	14	Osaka	11	7
Beirut	18	14	Kobe	11	7
Tel Aviv	19	15	Sapporo	1	-3
Auckland	15	11	Wakkanai	1	-3
Sydney	15	11	Asahikawa	1	-3
Wellington	15	11	Utsunomiya	1	-3
Christchurch	15	11	Maebashi	1	-3
Dunedin	15	11	Utsunomiya	1	-3
Wellington	15	11	Maebashi	1	-3
Christchurch	15	11	Utsunomiya	1	-3
Dunedin	15	11	Maebashi	1	-3

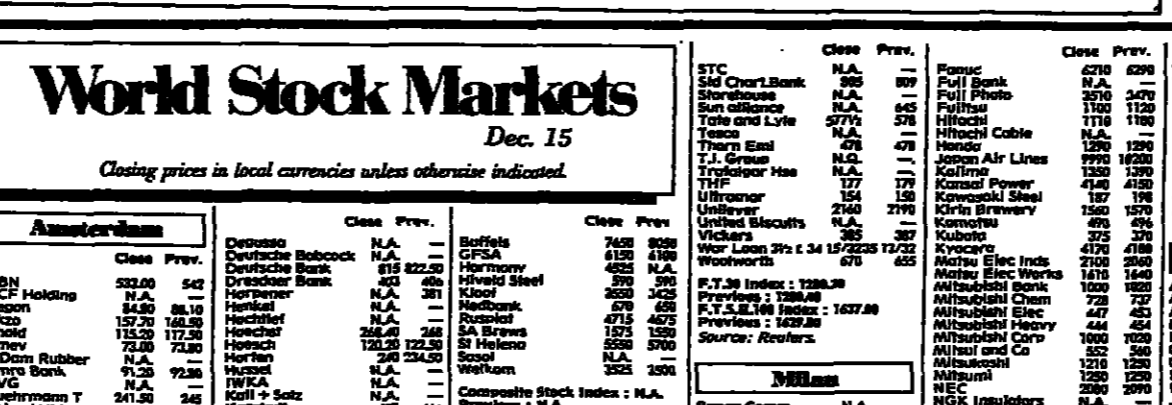
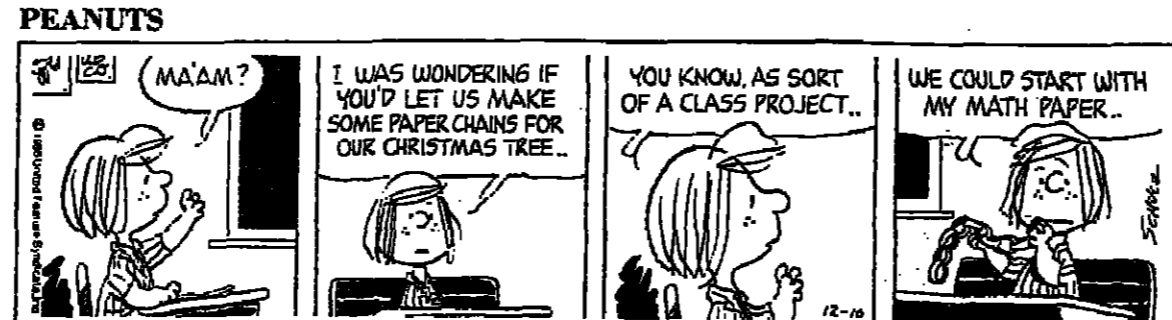
MIDDLE EAST

Athens 16, 11; Amman 14, 10; Beirut 18, 14; Cairo 22, 18; Damascus 21, 17; Jerusalem 13, 9; Tel Aviv 19, 15.

OCEANIA

Auckland 15, 11; Sydney 15, 11; Wellington 15, 11.

TUESDAY'S FORECAST — CHANNEL: Heavy. FRANKFURT: Overcast. Telford: 7-12. LONDON: Overcast. Telford: 7-12. MADRID: Clear. Telford: 7-12. NEW YORK: Partly. Telford: 4-10. PARIS: Partly. Telford: 7-12. ROME: Clear. Telford: 14-12. SINGAPORE: Partly. Telford: 27-23. TOKYO: Partly. Telford: 1-3.



BOOKS

MAKING HAY
By Verlyn Klinkenborg. Illustrated. 157 pages. \$14.95. Nick Lyons Books Inc., 31 West 21st Street, New York, N.Y. 10011.

Reviewed by Christopher Lehmann-Haupt

VERLYN KLINKENBORG grew up in a small town in Iowa. Though most of his relatives were farmers, his father and mother took up teaching and nursing, respectively, and he himself wandered further afield to get a Ph.D. in English at Princeton and wind up teaching at Fordham University.

Yet farming and, specifically, haying have stayed in his system, partly because he never completely understood the process and partly because it summoned "all the epiphanies I have ever had." They occurred while I stood on the edge of a field across a railroad spur line, my back to a small town, staring at farmsteads off in the distance.

A thapsody on the beauty of haying might be less boring than a technical manual on how to do it, but neither would work as a vessel for all the epiphanies the author ever had.

Yet farming and, specifically, haying have stayed in his system, partly because he never completely understood the process and partly because it summoned "all the epiphanies I have ever had." They occurred while I stood on the edge of a field across a railroad spur line, my back to a small town, staring at farmsteads off in the distance.

But Timman's deep plan was a positional one — 18 NxN, QxN19 BxP1 — which nevertheless contained a little trap: 19... R-Q1? would be annihilated by 20 BxN1 after 19... RxBch; B-B3; 21-B-R3!; Ribli still had his extra pawn but his development lagged and his pawn structure was ragged.

It was Portisch who suggested that White could try 14 O-O. 15 R-N3, which Timman used for the first time here. Portisch did not think too much of his own suggestion, but he did want that 15... Q-R4?; 16 N-Q5! QxQ; 17 NxBch; K-B2; 18 RxQ, KxN; 19 P-K5! is strong for White, one further detail being that 19... N-K5?; 20 P-Pch, N-P4?; 21 RxB, KxR; 22 B-QN4? will cost Black his pinned knight.

Portisch had recommended as sufficient for Black just what Ribli played — 15... Q-R4?; 16 B-K3, Q-K4, but then Portisch considered only 17 B-Q4, Q-QR4 and then only 18 B-N6, Q-K4 with a draw or 18 P-K5?; PxP; 19 B-N6, B-B4ch! Timman's new inspiration was 17 B-KB4!, which could not be well answered by K-R2; 24 B-Q3 wins material.

Chess

17... Q-B4ch; 18 K-R1, P-Q4 (18... P-K4?; 19 B-K3, Q-R4; 20 B-N6 traps the queen); 19 P-K5, N-Q2; 20 N-R4, Q-R2 because White has a strong kingside attack after 21 R-N3!

Ribli could justify 17... NxB because 18 Q-K3, RxB; 19 QxR, QxQ; 20 RxB yields Black a slight end-game superiority of two pawns for the exchange.

But Timman's deep plan was a positional one — 18 NxN, QxN19 BxP1 — which nevertheless contained a little trap: 19... R-Q1? would be annihilated by 20 BxN1 after 19... RxBch; B-B3; 21-B-R3!; Ribli still had his extra pawn but his development lagged and his pawn structure was ragged.

He could not prepare to mobilize by 21... P-K4? because 22 Q-Q6, B-B4 would be pulverized by 23 R-N8ch! RxB; 24 QxRch, K-B2; 25 Q-B8ch, K-N3 (or 25... K-K3; 26 Q-K8ch, K-Q4; 27 B-K3, 26 Q-K8ch, K-N4?; 27 R-Q5ch, K-B5; 28 B-Bch.

Yet Timman, writing in "New in Chess," No. 6 gave as a viable defense 21... B-B4!; 22 B-B3, Q-B5ch; 23 Q-Q3, QxQch; 24 PxQ, R-R2; 25 BxP, K-QB2; 26 P-Q4, B-K2, with only a microscopic advantage for White.

Ribli's weaker 21... P-Q4? requires that he give up a pawn anyway after 22 Q-Q6!, since 22... P-R3?; 23 Q-B8ch, not be well answered by K-R2; 24 B-Q3 wins material.

To Our Readers
Paris, Singapore, and Stockholm stock market prices are missing from this edition because of a strike at Agence France-Press.

The Global Newspaper.

INTERNATIONAL MANAGER
BY EVERY MANAGER
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ESSENTIAL READING FOR EXECUTIVES
WORKING IN THE INTERNATIONAL MARKETPLACE

World Stock Markets
Dec. 15

Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	322.00	+5.42
Brussels	1230.00	+19.88
Frankfurt	2750.00	+21.80
London	2750.00	+21.80
Paris	1230.00	+19.88
Stockholm	1230.00	+19.88
Sydney	1230.00	+19.88
Tokyo	1230.00	+19.88

SPORTS

Marino Routinely (5 TDs) Puts the Arm on the Rams

By Scott Ostler
Los Angeles Times Service

ANAHEIM, California — What would the Miami Dolphins be like if they had a solid, complete team (a defense and a running attack, for instance) to complement Dan Marino? The answer might be that they would be a lot like the Los Angeles Rams, who now have real nice quarterback and a solid team.

But Sunday at Anaheim Stadium, a National Football League

one of a kind-beat a full house. Turning in what several of his teammates described as a routine performance, Marino beat the Rams and their quarterback (a Marino in the making) by 37-31 in overtime.

Marino completed 29 of 46 passes for a 403 yards and 5 touchdowns — including the game-winning 37-yard pass to tight end

Ron Stewart. Marino's third 400-yard day of the season and the seventh of his career.

The youngster, Jim Everett, had a commendable 18-for-31 day for the Rams, 251 yards, and two TDs.

A couple months ago, who would have thought that the Rams would be involved in a quarterback duel with anyone, especially Marino? Sunday's was easily one of the most entertaining pass-offs of the season.

"He's frightening," said Ram cornerback Johnnie Johnson of Marino. "When you look at his passes on film they look like blur. You have to be close to their running backs. You can't give them a step."

Is the Dolphin reputation as a

one-man show overstated? "You start with a coaching staff," Johnson said. "Then you build a team around a certain individual. We do that with Eric Dickerson. Marino has great receivers to work with, but Marino is what makes that team click."

The Rams have twin clickers, offensively. Dickerson, once forced to carry the entire load, now has a sidekick in Everett. On Sunday, Dickerson ran for 124 yards but was overshadowed by Everett, who was cool under pressure.

Dickerson wound up almost unnoticed on an afternoon when he broke the Ram record for touchdowns (his one-yard score in the fourth quarter gave him 56, one more than Erny Hirsch).

Dickerson also had two big fumbles, one of which took a lucky bounce and turned into a Ram touchdown. He was the only Ram running back to carry the ball. But in the end, it was a tale of two quarterbacks.

Dickerson has an excellent quarterback. Marino said of Everett, "He can make all the throws. He has a good understanding of what they're trying to do. He's not in awe of any situation."

Everett on Marino? "Terrific," said the rookie, with enthusiasm. "His ability to get the ball off... He's definitely the best I've ever seen. Maybe in time, I'll be able to accomplish some of those things."

Everett accomplished some on Sunday. At times, he looked like a slightly rougher model of Marino. Everett's big, unloose feet, throws deep with touch, throws the hard strikes underneath. Against the Dolphins he threw on the run and in the face of defenders. He made

acrobatic, running, scrambling throws with accuracy.

And, like Marino, Everett is hard to sack. Miami sacked him three times. The Rams got Marino once, on a fluke, with his fabled quick release, he simply throws the ball too quickly to be bothered by on-rushing linemen or blitzing linebackers.

On the game-winner, for example, he knew the Rams would blitz because they desperately needed a sack to take the Dolphins out of field-goal range. "Two plays before they were in a man-to-man defense, and they jumped the 'I' and closely covered the post pattern," Marino said. "So we figured we'd fake it."

Mark Duper faked a post and simply ran deep. Marino, doing everything but laughing out loud in the face of the blitz, lobbed a 20-yard TD strike 3:04 into overtime.

"Just like routine," Duper said of Marino's day. "He's been doing it for three years."

"I wouldn't say it was a typical day," Marino said. "Our offense did a lot of things well... I think I played pretty well, but I had a lot of help."

Marino twisted the Ram defenders into the ground as they tried to cover the 9 or 10 receivers the Dolphins seemed to send out every play.

Marino's arm is so good that the evolution of wide receivers hasn't quite caught up with it. Mark Clayton, as dangerous a wide receiver as you'll see, dropped three passes, including one scorcher he tipped into the end zone for an overtime interception that was disallowed because of a penalty.

In the end, though, the one-man show was too much for the Rams, now one of the league's best ball-

anced teams. Routinely, Marino was Marino.

Elsewhere, The Associated Press reported:

Chiefs 20, Raiders 17: In Los Angeles, Kansas City forced seven turnovers to move within one victory (the Chiefs finish the season Sunday against Pittsburgh) of reaching the playoffs for the first time in 15 years. Two of the turnovers came in the final period, when a fumble by Napoleon

Tomy was recovered by Tim Coffield and Kevin Ross intercepted a Jim Plunkert pass. For the 7-Raiders to reach postseason play, they must beat Indianapolis — and Seattle, Kansas City and Cincinnati must lose.

Oilers 23, Vikings 10: In Houston, Warren Moon threw for 280 yards and a touchdown, and Tony Zendejas kicked three field goals to help the Oilers knock Minnesota from the playoff race. Moon hit Ernest Givins on a 10-yard touchdown pass, and Allen Pinkett scored on a 1-yard run.

Tony Kramer, the NFL's top-rated passer at 93.7 percent, completed 3 of 13 for 47 yards before leaving the game late in the second quarter with a bruised elbow.

Seahawks 34, Chargers 24: In San Diego, Dave Krieg passed for 305 yards and four touchdowns, two to Steve Largent, as a fourth straight victory kept 9-6 Seattle's flickering playoff hopes alive.

Charger quarterback Dan Fouts moved into second place on the NFL's all-time passing yardage list. He completed 21 of 38 passes for 237 yards to push his career yardage to 40,287; that surpasses Johnny Unitas, who had been second at 40,239. Fran Tarkenton is the all-time leader with 47,003 yards.

Met Pitching Ace Gooden Still Out of Strike Zone

By George Vecsey
New York Times Service

NEW YORK — During the World Series, it was clear that Dwight Gooden was not Dwight Gooden anymore, at least temporarily. He could not put the ball where he wanted it to go, and it bothered him, maybe even frightened him a bit, because here is a young man who was supposed to be perfect in every way.

Now it appears that Dwight Gooden is having a control problem in his private life, too. On Saturday night around 11 P.M., he and two other baseball players were stopped by police officers in Tampa, Florida, who claim that a brawl broke out, and that Gooden and two officers were slightly injured.

There is no suggestion here that Gooden is guilty of the third-degree felony with which he was charged, but, at very least, the young man has not been able to stay out of the spotlight.

The police say they stopped Gooden because his Mercedes-Benz and the cars of his two friends were weaving back and forth in traffic. Whether that charge is fair or not, nobody should become involved in a showing match with police on a dark Saturday night on the highway.

The police have reasons to be edgy these days — too many addicts and inmates and Rambo on the loose. The things to do with an armed police officer is "yes, sir" until you can get to a well-lighted station house and call your lawyer.

When Gooden came up as a 19-year-old in 1984, he amazed his peers with his poise, his ability to

learn and perform. Forget the arm; any yo-yo can have an arm. His head and his heart were what made people shake their heads in respect.

He became a commodity, his business agents marketing him as an idol of America and the Met management shielding him.

Now there is evidence that Gooden does not have perfect judgment. He sprained an ankle last January and was going around on crutches until the team received an anonymous phone call. In March, he was fined by the Mets for exaggerating a traffic accident during spring training.

In April, he, his sister and his friend, Charlene Pearson, were involved in an argument at a car rental counter. In October, he missed the Series victory parade the morning after the night before.

In November, he confirmed that a young woman in Tampa had given birth to his son, and that his wedding to Pearson was temporarily postponed. At the same time, he responded to rumors of chemical abuse by requesting random drug testing "as often as they want, and they can be forever."

Voluntary drug testing is fine if he wants it, but somebody should tell Gooden that each problem will only magnify the rumors. It is not easy being young and a celebrity, but the smart ones learn to cope.

Assuming there is nothing more serious going on in his life, Gooden needs to learn how to act in case police officers stop his car again. I somehow doubt the police in Tampa are going around saying, "Let's get Dwight Gooden." I'm just guessing, but when I found out who it was, they were sorry it ever happened, but it happened. I also doubt the rent-a-car agent said to herself, "That's Dwight Gooden's group, I'm going to give them a hard time." But something happened.

Gooden can't afford many more problems. He now has a legal problem in Tampa; the next scrape could be more serious — nobody's immortal or invincible. And he has been trying to supplement his \$1.32 million salary by projecting the image of an all-American kid.

Public figures who work too hard on their images come off as a trifle smarmy, but if marketing his image is important to Gooden he had better lower his visibility, starting with operating a moving vehicle.

He may not listen, but the Met management ought to get him and his advisers in a room and say, "Look, Dwight, you're blowing one little piece of the dream."

They could subtly offer him a little help, maybe a talk with a psychologist, to see if there is any kind of unresolved problem with pressure and fame and self-image lurking inside that seemingly perfect pitching machine.

People who have been able to get near him say Gooden's a nice young man. It's time for his family, his friends, his representatives and his employers to make a list of his problems in the past year and tell him he's having trouble finding the strike zone, on the mound and in real life.



Dwight Gooden

NYYC Resigned to Lengthy Quest for Missing Cup

Compiled by Our Staff From Dispatches
NEW YORK — A pedestrian passing the New York Yacht Club directed the attention of his two companions to the Manhattan landmark, where one of the most coveted trophies in sports once was proudly displayed.

"This is the New York Yacht Club," he said, "where the America's Cup used to be."

The chances that the cup would be seen in the club's environs soon again vanished Sunday in the waters of the Indian Ocean off Fremantle, Australia. America II, the NYCC's entry in the America's Cup competition, lost its race to a New Zealand rival and was dropped from the challengers' competition.

"For the first time in 135 years, the New York Yacht Club won't be in the final race for the cup that is lost for the first time in 1983.

A lot of people shed tears on the day of the "sail skipper" Johnnie Walker. "The New York Yacht Club is not an org... It's human beings with hopes and dreams."

In 1851, a New York Yacht Club vessel named America gave

the cup a name by defeating a fleet of British yachts in the English Channel. In the intervening years, the NYCC successfully defended the trophy 24 times.

The 132-year streak ended in 1983 when Australia II defeated Liberty, skippered by Dennis Conner. Ironically, the NYCC chose to name its challenger after the

club's founder, John Bull. Warren Jones, executive director of the Australian syndicate that won the 1983 cup and is racing again to defend it, said, "I feel bad about America II. This is a cut-throat business and you've got to swallow your medicine. They're prepared to bid anybody."

They've been here longer than anybody. Obviously, there is not a fast boat. The cup will be poorer for their not being here."

In the club's stone townhouse on West 44th Street, Kollins's defeat had nearly gone unobserved. "You know, the club is closed on the weekends," Jim Stappas, the quartermaster and

weekend manager, said as he stood in the doorway a few hours after the race. He said no members were around to accept the bitter news in their sanctum.

"We're going to have a party here Thursday," Stappas said, "and it's going to be pretty upsetting." The party had been scheduled to celebrate America II's success.

On Monday, the club's assistant secretary, John Bassett confirmed the worst to the hundreds of members phoning in. "I wasn't as bad as the day we lost the cup. This time most just sighed and said we would try again."

Meanwhile, in Fremantle, Australia II was sailing a lonely race and winning a hollow victory — an automatic 12 points stemming from last week's withdrawal of Challenge France.

"You haven't heard the last of the New York Yacht Club," said the syndicate's general manager, Bill Packard. "Whenever the cup is sailed... we'll be there." But now the NYCC will have to wait until 1991. (AP, UP)



Bill Packard: "We'll be there."

SCOREBOARD

Basketball

NBA Standings table with columns for Eastern Conference Atlantic Division and Central Division, and Western Conference Midwest Division and Pacific Division. Lists teams like Boston, Philadelphia, New York, etc. with their records.

America's Cup

Table for America's Cup with columns for Challengers Elimination, Stars & Stripes, U.S.A., etc. Lists names and scores.

Transition

Table for Transition with columns for Basketball, Football, Hockey, etc. Lists names and scores.

Football

NFL Standings

NFL Standings table with columns for American Conference and National Conference. Lists teams like New England, NY Jets, Buffalo, etc. with their records.

World Cup Skiing

Table for World Cup Skiing with columns for Men's Overall Standings, Women's Overall Standings, etc. Lists names and scores.

Hockey

Table for Hockey with columns for NHL Standings, Campbell Conference, etc. Lists teams like Philadelphia, NY Islanders, etc. with their records.

World Cup Skiing

NEW YORK — The Associated Press

LA VILLA, Italy — Joel Gaspoz won a men's World Cup giant slalom here Monday, thwarting Italian Richard Pramotton's hopes of winning his third consecutive race in the discipline.

Gaspoz, 34, gave the Swiss men's team its fourth triumph of the season, following three downhill victories. He had been forced to withdraw because of a spill in Sunday's race down the same course.

Gaspoz clocked the fastest time in the first heat, 1:25.95, and had the second-best second run of 1:20.39 for a winning aggregate of 2:46.34. He edged Pramotton by 1.37 seconds.

The 22-year-old Pramotton, who had won two previous cup giant slaloms (in Sestriere on Nov. 30 and here on Sunday), advanced three places from the first heat but could not close. West German Markus Wasmeier was third in 2:47.88. Gaspoz's Swiss teammate, Pirmin Zurbriggen, finished fourth in 2:48.05 after lagging 11th in the first heat.

Zurbriggen holds the overall lead in the World Cup standings with 97 points. Wasmeier and Pramotton are tied for second with 93 points. Gaspoz said he watched videotape replays of his mistakes in Sunday's race "and I understood how to avoid them today. I knew I could have done better than Pramotton."

Pramotton said he was satisfied with a first and a second within 24 hours. "I'm close to Zurbriggen overall, but I am only thinking of the giant slalom title," he said. He ruled out entering downhill to try to get cup points from the combined.

Schedule Revised
Late snowfall across the Alps on Monday caused a revision in this week's World Cup schedule, United Press International reported from Alta Badia, Italy.

Organizers in Kranjska Gora, Yugoslavia, said that a men's giant slalom originally set for this weekend but then canceled for lack of snow, will take place Friday. A slalom will be held at Kranjska Gora Saturday, and another slalom is set for Sunday in Hinterstoder, Austria.

Women will compete in slaloms Wednesday and Thursday at Courmayeur, Italy, and a weekend slalom and giant slalom at Valzoldana, Italy, before the Christmas break.

Gaspoz Wins Giant Slalom

The Associated Press
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ART BUCHWALD

Sherlock's Explanation

WASHINGTON — Everyone loves a good mystery, and it is not surprising that the Iran-contra caper continues to hold our fascination as one of the most bungled cloak-and-dagger crimes of our lifetime.

"Watson, we must ask ourselves who had the most to gain from the Iranians getting arms, and the contra's getting money."



Art Buchwald

New Orleans's 'Eiffel Tower'

By Frances Frank Marcus

New York Times Service

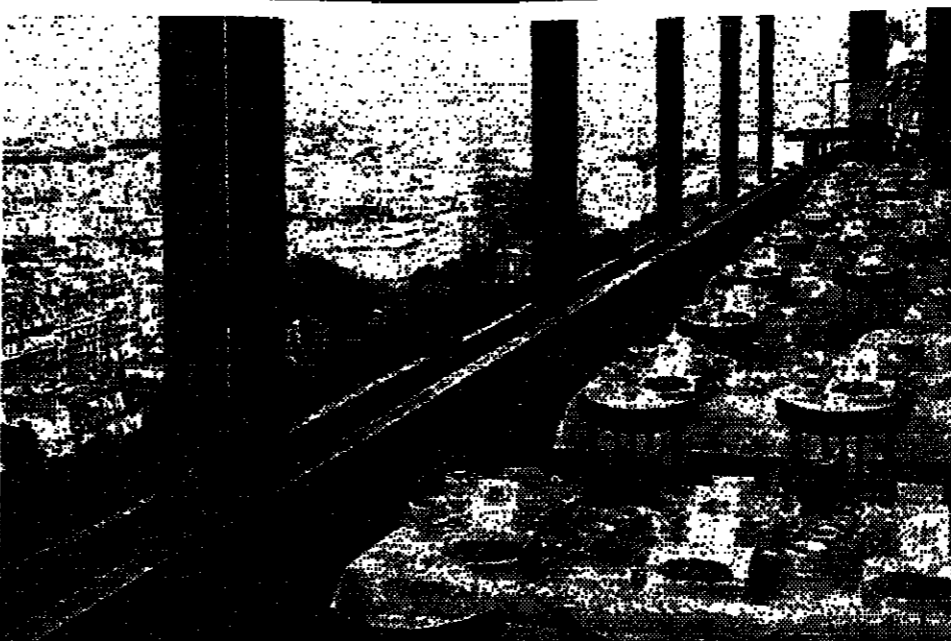
NEW ORLEANS — John Onorio, who grew up in Brooklyn, will never forget his first look into the gigantic crane that held his dream of a New Orleans restaurant.



New owners, John Onorio and Daniel Bonnot, who is also executive chef.

The restaurant is already a landmark on St. Charles Avenue at the edge of the historic Garden District. It has the look of a giant glass bird cage floating above the avenue.

Lancelotti traded the restaurant to Moreton Binn, owner of Atwood Richards Inc., a bartending company based in New York City, for construction equipment and marketing services.



The restaurant in its original setting.

would you like to buy the Eiffel Tower? Bonnot had been approached by J. Fant Taylor, a New Orleans businessman who had an option to buy the restaurant and wanted Bonnot, 41, and Onorio, 38, to be co-developers.

As Binger, the architect, explained: "We tried to put the old restaurant in a setting that would be sympathetic to the original, with the same kinds of shadows and same kind of play with light."

The executive chef, the menu he created is inspired more by the cuisine of the south of France than by the cuisine of Paris.

PEOPLE

Bolshoi Is Emmeshed In Corruption Scandal

The firing of a musician who filed corruption charges against the Bolshoi Theater set off a scandal that reached all the way to the Soviet Culture Ministry, the labor union newspaper Trud reports.

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